



OFFICE OF INSURANCE MANAGEMENT,  
RISK MANAGEMENT

Risk Management Handbook

Department of Administration  
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Office of Insurance Management  
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Do not use this synopsis to decide coverage. Refer all questions to Office of Insurance Management,  
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# I

# INTRODUCTION

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## RISK MANAGEMENT

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### A. DESCRIPTION OF RISK MANAGEMENT

Risk management has been defined as the “process of planning, organizing, directing and controlling the resources of an organization in order to minimize the adverse effects of accidental loss on that organization at the lowest possible cost.” The typical steps involved in the process are as follows:

- Identify potential loss-producing situations.
- Analyze and quantify loss exposures to determine the frequency and severity of exposure and the impact they will have upon the operation of the agency.
- Evaluate alternative methods of identifying and treating exposures. Methods include loss prevention (loss reduction) and financing through either self-funding or purchase of commercial insurance.
- Implement the chosen decisions.
- Monitor the performance of the chosen decisions and modify the program as necessary.

### B. MISSION STATEMENT

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*To provide the services and resources  
that will minimize the risk of loss  
to the State and the public.*

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The Office of Insurance Management, Risk Management is established under *Idaho Code § 67-5773 et seq.* The purpose of Risk Management is to determine the nature and extent of needs for Property/Liability insurance for risks and property of all offices, departments, divisions, boards, commissions, institutions, agencies and operations of the government of the State of Idaho for which premiums are paid in whole or in part by taxpayer funds.

Risk Management is responsible for the negotiation, purchase, premium allocation and administration of such coverages for all State entities, including the management of the State’s retained risk account. Risk Management is assisted in these efforts by outside brokers, consultants and actuaries. All claims are adjudicated by Risk Management staff, with the assistance of defense counsel, outside adjusters, and the excess carriers..

### C. GOAL

The goal of a risk management program is to minimize the “cost of risk” to the State of Idaho, which is the sum of direct and related costs associated with every facet of the State of Idaho’s pure risk. In implementing this goal, the steps can be as simple as teaching employees how to properly lift objects and avoid back injury, or as complex as developing a contingency plan for a large computer center which would enable the center to continue operation should a fire destroy its equipment. Since the risk management process is so broad, it cannot be confined just to Risk Management, but must include all employees of the State of Idaho involved with the management of risk.

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## D. PURPOSE OF THE RISK MANAGEMENT HANDBOOK

The purpose of this manual is to combine, under one cover, many of the facets of risk management which are relevant to the individual agency. That is, it is meant to serve as one reference for the more routine questions you may have concerning risk management activities. To most agencies, risk management means the purchase of insurance and the settlement of claims. The majority of this handbook is, therefore, organized to give you meaningful information on the types of coverages purchased through the Office of Insurance Management, Risk Management, together with an explanation of billing forms and procedures. The handbook will be updated periodically as conditions and coverages change. Section VII is set aside for correspondence from Risk Management.

This handbook is designed for people with minimal insurance background or formal training in loss prevention. Ideally, one person in the agency should be assigned to handle the payment of premiums, the coordination with Risk Management on investigation and settlement of losses and the loss prevention work, so that this individual can see the entire process of risk management. However, since this approach may not be suitable for all agencies, the manual is segmented to hopefully provide readily accessible information to a number of different people.

## E. AGENCY RESPONSIBILITY IN THE EVENT OF AN INCIDENT

In the event of an incident\*, the agency must immediately give written notice of the incident to the Office of Insurance Management, Risk Management. This notice must provide:

- enough information to identify the notifying agency,
- specific information regarding place, time and circumstances of the incident,
- and the names, addresses, and telephone numbers of any potential witnesses.

**If the incident involves serious injury, death, or appears to be a high dollar claim, the agency must call and inform Risk Management by telephone within 24 hours of the incident.**

The agency, at its expense, must promptly take all reasonable steps to prevent additional bodily injury or property damage from arising at the incident site.

If suit is brought against the agency, the agency must immediately forward all demands, notices, summons, and any other relevant documentation to the Office of Insurance, Risk Management.

The agency must cooperate with Risk Management and, at Risk Management's request, assist in the investigation, negotiation, and defense of claims and suits. The agency, if required, shall attend hearings and trials, assist in securing and giving evidence, and obtaining the attendance of witnesses. The agency *shall not, except at its own cost, voluntarily make any payment, assume any obligation, or incur any expense other than for first aid, at the time of the incident.*

\* Incident - An accident that has not yet resulted in a claim being filed.

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*RISK MANAGEMENT*

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## **F. RISK MANAGEMENT DIRECTORY OF SERVICES**

FAX NO. (208) 334-5315

### ***ADMINISTRATION***

Cynthia Ness  
Phone: 208/332-1865  
E-mail - cness@adm.state.id.us

State Insurance Manager

Kit Coffin  
Phone: 208/332-1871  
E-mail - kcoffin@adm.state.id.us

Risk Management Operations  
Supervisor

Ellen Cassen  
Phone: 208/332-1869  
E-mail - ecassens@adm.state.id.us

Technical Records Specialist

Claims Reporting  
Procedures  
Notary Public Bonds

### ***FINANCE and POLICY***

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Risk Management Analyst

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Policy Administration

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Claims Adjudicator

Claims Processing  
Litigation Management

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Claims Adjudicator

Claims Processing  
Litigation Management

### ***LOSS CONTROL***

Lori Autio  
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E-mail - lautio@adm.state.id.us

Loss Control Specialist

Safety and Loss Control

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## G. RISK MANAGEMENT INTERACTION WITH INSURANCE AND SAFETY COORDINATORS

### RISK MANAGEMENT

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1. The following are examples of how the Office of Insurance Management, Risk Management interacts with you:
  - **Self-Funded Coverages:** Risk Management is available to you to explain coverage terms and conditions for property, liability, automobile, and other policy coverages.
  - **Claim Reporting and Investigation:** Risk Management works with you or others in your agency during the claim investigation or evaluation process.
  - **Loss Reports: Quarterly** claim reports are sent to agencies showing the agency claim activity. If there has been no claim activity during the previous quarter, Risk management won't generate a report for that agency.
  - **Risk Management Advisor:** This newsletter contains information relative to Risk Management operations and provides guidelines on managing various types of risk. The goal of the newsletter is to provide principles, recommendations, and models for practical use by agencies.
  - **Assessment of Premium Allocation Plans:** Risk Management continually evaluates and updates an equitable premium distribution based upon each agency's exposures and past claim experience.
  - **New Coverages:** Risk Management evaluates the State's insurance coverage needs. As part of the process, Risk Management looks at new risk exposures and then determines coverage to meet the need.
  - **Underwriting Information:** Agencies provide Risk Management with updated State-owned/leased property values, auto fleet information and various surveys on an annual basis. Most of these updates are to be returned to Risk Management by March and June of each year and are required for policy renewal purposes.
  - **Contract Clauses:** Risk Management can assist you and your legal advisor in your contract review process to help address potential risks.
  - **Risk and Insurance Consultations:** Our loss control manager researches agency losses and develops loss trend analyses. Your agency is then contacted to discuss current loss trends, overall loss exposures, and your agency's operations. We learn from your agency's input and loss history; we offer loss control suggestions where applicable.
2. Insurance coordinators and safety coordinators work with the following people on risk management matters:
  - Director/Administrator/Superintendent/President
  - Human Resources Office
  - Facilities Manager
  - Emergency Response Coordinator
  - Contracts Coordinator
  - Financial Manager
  - Program Managers
  - Claims Processors
  - Auto Fleet Manager
  - Volunteer Coordinator
  - Attorneys
  - Independent Adjusters and Miscellaneous Vendors
  - Law Enforcement Agencies
  - Federal Emergency Management Agency (FEMA)

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## **II**

# **Policies In Force**

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*RISK MANAGEMENT*

STATE OF IDAHO COVERAGE IN FORCE - OCTOBER 2002							
ANNIV. DATE	RM CODE	AGENCY	CONTRACT TYPE	COMPANY	POLICY NO.	LIMIT	AGENCY DEDUCTIBLE
04-01-2003	08	All Agencies	Foreign Liability	Ace USA	PHF0527- 35	\$1,000,000 CSL	N/A
04-01-2003	07	All Agencies	Aircraft Hull & Liability	XL Specialty	NAC300- 8541	\$10,000,000 Per Occ	Contact OIM
04-01-2003	10	All Agencies	Emp. Bond & Crime	Great American Insurance Co.	GVT1243- 70705	\$10,000,000 Per Loss	\$2,000 Per Occ
07-01-2003	02	All Agencies	Major Liability	State Retained Risk Fund	N/A	\$500,000 Per Occ	N/A
07-01-2003	2	All Agencies	Excess Liability	American Reinsurance Co.	9368492	\$10,000,000 Per Occ. & in Agg.	N/A
07-01-2003	04	All Agencies	Major Property	Traveler's Indemnity Co.	KTCMB-- 122D8 10-3-02	\$250,000,000 Per Occ \$250,000,000 E&F in Agg.	\$2,000 Per Occ Except \$5,000 Per Occ Earthquake/Flood
07-01-2003	09	All Agencies	Auto Physical Damage	State Retained Risk Fund	N/A		\$500 Per Occ
07-01-2003	06	All Agencies	Energy Systems (B & M)	Chubb Group of Insurance Cos.	7641-91-- 61	\$50,000,000 Per Occ.	\$5,000 Per Occ
07-01-2003	05	All Agencies	Inland Marine	State Retained Risk Fund	N/A		\$50 Per Occ
07-01-2003	13	All Agencies	Fine Art Floater	Traveler's Indemnity Co.	KTJ-CM- B-122D8- 10-3-03	\$1,000,000 Per Loss	Contact OIM
Various	12	All Agencies	Notary Bonds	State Retained Risk Fund		\$10,000 Per Loss	N/A
This schedule is intended to present only a brief outline of the insurance coverages provided by the State of Idaho through Office of Insurance Management. Contact the Office of Insurance Management if you have any questions.							

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# III

## POLICY SYNOPSIS

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## A. PUBLIC LIABILITY COVERAGE

INDEX CODE - 92XX (Fiscal Year)

### DESCRIPTION OF COVERAGE

This coverage is designed to provide protection to the State and its employees for money damage claims arising out of negligent acts.

The State of Idaho's public liability program provides coverage for most claims allowed by the Idaho Tort Claims Act (*Idaho Code* § 6-901 *et seq.*). If a claim is not covered by this or other liability programs, the Act provides that any payment made will come from an appropriation made by the Legislature to the agency involved.

### LIMITS

\$500,000 combined single limit per occurrence, as provided by the Idaho Tort Claims Act.

### AGENCY DEDUCTIBLE

N/A

### WHO IS COVERED

The State of Idaho, any agency of the State, State of Idaho public health districts, any other entity under the State's control for which it assumes active management, employees, authorized volunteers, members of Boards or Commissions, elected or appointed officials.

### WHAT IS COVERED

The following is a brief overview of the types of coverages in this program:

**General Liability** provides for liability protection for bodily injury and property damage arising out of routine operations of State government, sale of products, building and premises operations and contractual assumption of liability.

**Personal Injury Liability** provides coverage for libel, slander, false arrest, invasion of privacy, assault, battery, civil rights violations and certain other perils.

**Errors and Omissions Liability** provides coverage against liability for committing an error or omission while in the performance of professional duties.

**Automobile Liability** provides coverage for all State-owned and State-leased vehicles licensed for road use and also provides the State protection for various liabilities arising out of the operations of non-owned vehicles. Permissive users of State vehicles are also covered, but only up to the minimum limits set forth by law.

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## RISK MANAGEMENT

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### A. PUBLIC LIABILITY (continued)

**Medical Malpractice Liability** provides coverage for the rendering of (or failure to render) medical services by a licensed medical professional. This includes doctors, dentists, nurses, etc., including furnishing drugs and medical supplies.

### COMMON TERMS - See Glossary

Bodily Injury  
Combined Single Limit  
Insured  
Occurrence  
Property damage

### COMMON EXCLUSIONS OF THIS POLICY

- Claims arising from intentionally injurious or malicious acts of employees or volunteers
- Acts of employees outside the course and scope of employment
- Claims for recovery of wages, salary, benefits, and related items
- Claims involving breach of contract
- Fines or penalties, including punitive damages
- Claims for inverse condemnation or eminent domain
- Claims for injunctive relief or declaratory judgment
- Attorney fees awarded in an action where coverage is not otherwise provided

### PREMIUM DETERMINATION

The starting point for the premium allocation system begins with using each agency's previous year's premium. This is converted to a percent of the entire State's premium. That figure is allowed to vary by an amount related to the agency's loss history. Loss prevention on the agency's part is extremely important, as losses, or the lack thereof, directly relate to increases or decreases in your premium. Premiums are billed annually at the beginning of each fiscal year.

### PROCEDURAL INFORMATION

#### Certificate of Financial Responsibility

*Idaho Code* requires that all motorized vehicles licensed for the road must carry certificates of liability insurance. However, the State is exempt from this provision by *Idaho Code* § 49-1223. As a convenience, [Certificates of Financial Responsibility](#) are provided for each State-owned or State-leased vehicle (see page 14). These certificates are transferable between State vehicles.

#### Other Forms Needed

[Idaho Accident Report Guides](#) (see pages 15-16), and [Citizen's Claim Procedure](#) forms (see pages 17-18) are provided by Risk Management for each vehicle. Additional certificates, accident report guide forms and citizen's claim procedures may be obtained from Risk Management.

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**Certificate of Financial Responsibility**

State of Idaho  
**CERTIFICATE OF FINANCIAL RESPONSIBILITY**

**Assured:** The State of Idaho, its agencies, health districts, and permissive users of these vehicles.

**Covered Vehicles:** All owned and leased vehicles of the State of Idaho.

**Guaranteed By:** The Office of Insurance Management, which self-retains the automobile liability exposure for the State of Idaho.

**Effective Date:** July 1, 1999

**Expiration Date:** Continuous

\_\_\_\_\_  
Cynthia R. Ness, Manager – Insurance Management

***KEEP THIS CERTIFICATE IN VEHICLE AT ALL TIMES  
VALID ONLY IN STATE-OWNED OR STATE-LEASED VEHICLES***

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## Auto Accident Report Guide, page 1

### H. WITNESSES

Name \_\_\_\_\_  
Address \_\_\_\_\_  
\_\_\_\_\_

Phone H. \_\_\_\_\_ W. \_\_\_\_\_  
-----

Name \_\_\_\_\_  
Address \_\_\_\_\_  
\_\_\_\_\_

Phone H. \_\_\_\_\_ W. \_\_\_\_\_

### I. STATE VEHICLE DAMAGES

Vehicle ID No. \_\_\_\_\_  
Make and Model \_\_\_\_\_  
Year \_\_\_\_\_ License No. \_\_\_\_\_  
Estimate of Damages \$ \_\_\_\_\_  
List damaged parts \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

If not drivable, move to a State lot or a secure location.

Where can vehicle be seen? \_\_\_\_\_  
\_\_\_\_\_

Supervisor's Signature: \_\_\_\_\_  
\_\_\_\_\_

If accident involves serious injury or extensive property damage, contact the Office of Insurance Management immediately. Call 208/332-1860

### 5. Do not accept responsibility for the accident.

Do be courteous. If the other party feels that the State driver is responsible for the accident, provide him/her with a "Citizen's Claim Procedure" form (small green sheet).

### 6. Complete this form and send promptly to:

Office of Insurance Management  
Dept. of Administration  
PO Box 83720  
Boise, ID 83720-0079

A copy of this report should also be sent to your department's safety coordinator.

### 7. Obtain estimates of damage.

If the State vehicle is covered by auto physical damage insurance, please obtain two estimates of repair costs and forward to Risk Management.

Note: Do not delay sending this accident report -- send estimates separately.



## State of Idaho AUTO ACCIDENT REPORT GUIDE



1. Offer assistance to anyone injured  
Do not move injured unless absolutely necessary.
2. Notify the police.
3. Don't comment on accident.  
Give information as requested by police and provide all other information and comment to State Risk Management.
4. Fill out this form.  
Complete as much as possible at the accident site.

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## RISK MANAGEMENT

### Auto Accident Report Guide, page 2

State driver's name \_\_\_\_\_ Which agency owns state vehicle? \_\_\_\_\_  
SSN \_\_\_\_\_ Work address \_\_\_\_\_  
Work phone \_\_\_\_\_ Phone no. \_\_\_\_\_  
Agency contact (If not driver) \_\_\_\_\_

#### A. DESCRIPTION OF ACCIDENT

Date \_\_\_\_\_ Time \_\_\_\_\_  
Place \_\_\_\_\_  
Describe what happened \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

#### B. DIAGRAM ACCIDENT

Show where vehicles hit and where they stopped.



**A** **B** **C**  
State vehicle Other vehicles

Show pedestrian and path as —○—  
Use "X" to show point of impact

#### C. YOUR VEHICLE

Speed of your vehicle before accident: \_\_\_\_\_  
Speed of other vehicle before accident: \_\_\_\_\_  
Did either driver signal? \_\_\_\_\_  
If so, describe \_\_\_\_\_

Please show any traffic controls on diagram.

Example:



Stop sign Stop light Yield sign Road Striping

Weather \_\_\_\_\_  
Visibility \_\_\_\_\_  
Road Condition \_\_\_\_\_

#### D. OTHER VEHICLE

Owner \_\_\_\_\_  
Address \_\_\_\_\_  
\_\_\_\_\_  
Driver \_\_\_\_\_  
Phone Number \_\_\_\_\_  
Make & Year of Vehicle \_\_\_\_\_  
License Plate No. \_\_\_\_\_  
Damaged parts \_\_\_\_\_  
\_\_\_\_\_  
Insurance Co. \_\_\_\_\_

#### E. OTHER PROPERTY DAMAGE

Owner \_\_\_\_\_  
Address \_\_\_\_\_  
Describe damage \_\_\_\_\_  
\_\_\_\_\_

#### F. INJURED

Name \_\_\_\_\_ Age \_\_\_\_\_  
Address \_\_\_\_\_  
Phone no. \_\_\_\_\_

Nature of Injury \_\_\_\_\_

This person was:

- ☐ In my vehicle  
☐ In other vehicle  
☐ Pedestrian

-----  
Name \_\_\_\_\_ Age \_\_\_\_\_  
Address \_\_\_\_\_  
Phone no. \_\_\_\_\_

Nature of Injury \_\_\_\_\_

This person was:

- ☐ In my vehicle  
☐ In other vehicle  
☐ Pedestrian

#### G. POLICE & COMMENTS

Officer's name \_\_\_\_\_  
Which police force? \_\_\_\_\_  
What citations were issued and to whom? \_\_\_\_\_

Who do you think was at fault? \_\_\_\_\_

Why? \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

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## **Citizen's Claim Procedure**

This procedure is to be followed for liability claims against all State agencies except health districts. This information should be provided to anyone involved in an incident or accident so they may properly file a tort claim should they elect to do so.

### **CITIZEN'S CLAIM PROCEDURE**

TO ASSIST YOU IN FILING A CLAIM AGAINST THE STATE OF IDAHO OR ANY OF ITS EMPLOYEES OR AGENCIES, PLEASE BE ADVISED THAT YOU ARE REQUIRED TO SUBMIT NOTICE OF CLAIM. THE CLAIM MUST BE FILED WITHIN 180 DAYS FROM THE DATE THE CLAIM AROSE OR SHOULD HAVE BEEN REASONABLY DISCOVERED. THE CLAIM MUST BE SUBMITTED TO:

IDAHO SECRETARY OF STATE  
PO BOX 83720  
BOISE, ID 83720-0080

THE CLAIM MUST ACCURATELY DESCRIBE THE TIME, PLACE, CONDUCT AND CIRCUMSTANCES WHICH BROUGHT ABOUT THE INJURY OR DAMAGE. ATTACH REPAIR ESTIMATES, BIDS, OR OTHER DOCUMENTATION WHICH WILL AID IN PROCESSING YOUR CLAIM. YOUR NAME AND MAILING ADDRESS MUST BE INCLUDED AND BE LEGIBLE.

See Idaho Code Title 6 Chapter 9 if additional information is needed.

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STATE OF IDAHO

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## Citizen's Claim Procedure Against Health Districts

This procedure is to be followed for liability claims against all State health districts. This information should be provided to anyone involved in an incident or accident so they may properly file a tort claim should they elect to do so.

**CITIZEN'S CLAIM PROCEDURE**

TO ASSIST YOU IN FILING A CLAIM AGAINST THE HEALTH DISTRICT OR ITS EMPLOYEES, PLEASE BE ADVISED THAT YOU ARE REQUIRED TO SUBMIT A NOTICE OF CLAIM. THE CLAIM MUST BE FILED WITHIN 180 DAYS FROM THE DATE THE CLAIM AROSE OR SHOULD HAVE BEEN REASONABLY DISCOVERED. THE CLAIM MUST BE SUBMITTED TO THE SECRETARY OF THE HEALTH DISTRICT INVOLVED. THE ADDRESSES OF THE HEALTH DISTRICTS ARE AS FOLLOWS:

Health District I 2195 Ironwood Ct Coeur d'Alene, ID 83814	Health District II 215 10th St Lewiston, ID 83501	Health District III 920 Main St Caldwell, ID 83605-3700	Health District IV 707 N Armstrong Pl Boise, ID 83704-0825
Health District V PO Box 547 Twin Falls, ID 83303-0547	Health District VI 485 Memorial Dr Pocatello, ID 83201	Health District VII 254 E Street Idaho Falls, ID 83402-3597	

THE CLAIM MUST ACCURATELY DESCRIBE THE TIME, PLACE, CONDUCT AND CIRCUMSTANCES WHICH BROUGHT ABOUT THE INJURY OR DAMAGE. YOU SHOULD ALSO ATTACH REPAIR ESTIMATES, BIDS, OR OTHER DOCUMENTATION WHICH WILL AID IN PROCESSING YOUR CLAIM.

See Idaho Code Title 6 Chapter 9 if additional information is needed.

1994—STATE OF IDAHO

### CAUTION

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## B. MAJOR PROPERTY COVERAGE

INDEX CODE - 94XX (Fiscal Year)

### DESCRIPTION OF COVERAGE

The Major Property Policy insures all real and/or chattel property including improvements and betterments for which the State has an insurable interest, or for which the State assumes responsibility from “all risks” of loss. Additionally, coverage is available for Fine Arts, Extra Expense Costs, Business Interruption Expense, Loss of Rental Income, Tax Receivables and Tuition Fees. Expediting Expense, Consequential Losses, Interruption of Power, Course of Construction, Debris Removal and Transit insurance are also covered.

### LIMITS

- 1) \$500,000,000 per occurrence, all perils including Course of Construction .
- 2) \$250,000,000 in the aggregate for Earthquake in any one policy year.
- 3) \$250,000,000 in the aggregate for Flood in any one policy year.

### SUBLIMITS

- 1) \$250,000,000 per occurrence for each of the following coverages:
  - a. Extra Expense
  - b. Accounts Receivable/Valuable Papers
  - c. Building Ordinance
  - d. Off-Premises Power
  - e. Newly Acquired Locations (Notification must be made within 30 days; sublimits increase to \$500,000,000 upon notification.)
- 2) \$25,000,000 per occurrence for Unscheduled Locations (increases to \$500,000,000 upon notification to insurance company).
- 3) \$1,000,000 per occurrence for each of the following coverages:
  - a. Transit
  - b. Pollution Cleanup
  - c. [Fine arts](#) (see page 49)

### SELF-INSURED RETENTION (Paid by the Office of Insurance Management, Risk Management)

- 1) \$250,000 per occurrence all perils, except Earthquake and Flood, with a \$750,000 annual aggregate retention. After the aggregate has been reached, a \$10,000 maintenance deductible will apply to each occurrence.
- 2) Earthquake and Flood subject to a \$250,000 per occurrence minimum retention.

### AGENCY DEDUCTIBLE

- 1) \$2,000 per occurrence, all risk except Earthquake and Flood.
- 2) \$5,000 Earthquake and Flood.
- 3) \$500 per occurrence Fine Arts

#### CAUTION

Do not use this synopsis to decide coverage. Refer all questions to Office of Insurance Management, as this office has sole responsibility for coverage determinations.



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## RISK MANAGEMENT

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### WHO IS INSURED

The State of Idaho; any agency, public health districts, universities and colleges with the exception of North Idaho Junior College and the College of Southern Idaho, any other entity under the State of Idaho's control or for which it assumes active management.

### WHAT IS COVERED

All property (except motorized equipment not licensed for the road, which is only covered for actual cash value) is covered on a replacement cost basis, **unless** the agency has specifically declared the property at an actual cash value on the annual statement of property values. The coverage insures against "all risks" of direct physical loss, subject to the exclusions listed below. Catastrophic earthquake and flood losses are also covered.

### COMMON TERMS - See Glossary

Chattel Property  
Inventory Shortage  
Mobile Equipment  
Unexplained Disappearance

### COMMON EXCLUSIONS OF THIS POLICY

#### Excluded Perils

The Property policy insures against all risk of direct physical loss or damage, with the following perils excluded: inventory shortage or unexplained disappearances, theft by an employee, ordinary wear and tear, inherent vice, moths, termites, vermin, normal settling, shrinkage or expansion in building or foundation, latent defect, mechanical breakdown, nuclear reaction, war, damage to vacant buildings and loss of markets.

#### Excluded Property

The following property **cannot** be insured under the Property policy: accounts, notes, currency, money, deeds, securities, evidences of debt, growing crops and land, standing timber, animals, and watercraft exceeding thirty-five (35) feet. *Note: Some of these exclusions are covered by other policies.*

### PREMIUM DETERMINATION

Premium is based on the total property values reported by each agency on the annual [Statement of Property Value form](#). Billings for this coverage are sent annually at the beginning of each fiscal year.

#### CAUTION

Do not use this synopsis to decide coverage. Refer all questions to Office of Insurance Management, as this office has sole responsibility for coverage determinations.



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## RISK MANAGEMENT

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### PROCEDURAL INFORMATION

#### Statement of Property Values

Annually, each agency is asked to complete a [Statement of Property Values](#) (see page 22). This completed form enables Risk Management to be aware of all buildings, contents and supplies owned by the State. Only those buildings which the State owns or is responsible for insuring should be listed. The **REPLACEMENT VALUE** of the building and contents should be declared yearly. All buildings are to be reported at **REPLACEMENT VALUE** unless values are specifically designated as “ACV” (Actual Cash Value) or “Do Not Insure.”

Listings in the “contents” column are to include chattel property such as office furniture and equipment, computer equipment and other property not permanently attached to the building. Mobile equipment should be listed as contents. Mobile equipment is any motorized equipment **not** licensed for highway use. Your inventory records may be used to update the existing values or add new values.

All property for which you are obligated by contract or lease agreement to provide insurance should be listed. All computer equipment should be checked first to determine if your agency is responsible for the property insurance, and secondly, that the replacement value is shown on the statement you submit.

Contents should be listed as one lump sum for each building, except for mobile equipment, which should be shown as a separate figure.

“Stock” includes supplies, books, reference materials, etc.

#### Additions / Deletions to Coverage

If, during the course of the year, major additions or deletions to the buildings are made, Risk Management should be notified immediately.

#### New Acquisitions

Newly acquired property **must** be reported to Risk Management within thirty (30) days of acquisition.

### CAUTION

Do not use this synopsis to decide coverage. Refer all questions to Office of Insurance Management,  
as this office has sole responsibility for coverage determinations.



*RISK MANAGEMENT*

STATE OF IDAHO  
OFFICE OF INSURANCE MANAGEMENT  
DEPARTMENT OF ADMINISTRATION

ANNUAL STATEMENT OF PROPERTY VALUES FOR

(AGENCY)

100% INSURABLE VALUES FOR BUILDINGS,  
CONTENTS AND STOCK & SUPPLIES, as of

(DATE SUBMITTED)

State Bldg. No.	Description & Location	Replacement Value of Buildings*	Replacement Value of Contents	Stock & Supplies
TOTALS:				

\*Value of building should include permanently installed  
equipment, (i.e., air conditioning, boilers, etc.)

(SIGNED BY)

(TITLE)

(TEL. NO.)

**CAUTION**

Do not use this synopsis to decide coverage. Refer all questions to Office of Insurance Management,  
as this office has sole responsibility for coverage determinations.





## C. INLAND MARINE COVERAGE (Optional coverage)

INDEX CODE - 95XX (Fiscal Year)

### DESCRIPTION OF COVERAGE

The Inland Marine insurance provides coverage similar to the Master Property Policy, but offers a lower deductible of \$50 per occurrence. Obtaining this coverage requires that your agency send a schedule to Risk Management listing each item to be insured, its replacement value, serial number and/or State tag number.

Regarding personal property of employees: Only those items required or requested by the employee's supervisor to perform the employee's duties will be considered for Inland Marine coverage. These items must be included on the [State of Idaho Major Property Values](#) form as well as scheduled on the [Inland Marine Coverage Form](#) (see page 26).

Coverage for the annual renewal takes effect July 1 and those schedules **must** be received by the date listed in the renewal letter mailed in May of each year.

For those Inland Marine items added or deleted after the main schedule has been sent to Risk Management, insurance coverage will be effective on the date Risk Management receives the schedule of changes (additions/deletions).

### LIMIT

\$2,000 per occurrence. Any loss above this amount is covered by the Major Property policy.

### AGENCY DEDUCTIBLE

\$50 per occurrence.

### WHO IS INSURED

The State of Idaho; any agency, public health districts, universities and colleges with the exception of North Idaho Junior College and the College of Southern Idaho, any other entity under the State of Idaho's control or for which it assumes active management.

### WHAT IS COVERED

The coverage is the same as the Major Property policy, with the addition of the exclusions listed below. Most agencies use this coverage to insure property subject to theft or breakage, or property which is frequently transported.

### COMMON TERMS - See Glossary

Chattel Property	Mobile Equipment
Consumable Property	Real Property

### CAUTION

Do not use this synopsis to decide coverage. Refer all questions to Office of Insurance Management, as this office has sole responsibility for coverage determinations.



## C. INLAND MARINE (continued)

### COMMON EXCLUSIONS OF THIS POLICY

Following are items not eligible for coverage:

- (1) Real property or buildings
- (2) Automobiles or vehicles licensed for the road
- (3) Mobile equipment of any nature (mobile equipment is any motorized equipment not licensed for highway use)
- (4) Consumable properties
- (5) Property held in inventory (Items discovered missing after inventory check)
- (6) Coverage limitations on the [Major Property policy](#) (see page 19) also apply to this policy.

### PREMIUM DETERMINATION

The premium is based on the schedules submitted by each agency. The rate is \$.35 per \$100 of value with a three-month minimum insurance period and a \$25 minimum premium per certificate. The maximum value to declare for any single item is \$2,000. Therefore, for items valued \$2,000 and over, enter \$2,000 in the replacement cost section of [Schedule for Inland Marine Coverage](#) (see page 26). Those items you wish to insure with a value of \$2,000 or less, continue to report the actual replacement cost for that particular item. This coverage is billed annually at the beginning of each fiscal year. A [certificate of coverage](#) (see page 25) will accompany the July billing.

### PROCEDURAL INFORMATION

An agency can request Inland Marine coverage on eligible item(s) at any time during the course of a policy period. The agency must submit a schedule listing each item to be insured, its replacement value up to a maximum of \$2,000, serial number and/or State tag number. If an agency wishes to increase or decrease the value of any item(s) on their schedule, they should send an [amendment to Risk Management](#) (see page 27). Premiums for additions, deletions, or changes to coverage made during the current fiscal year will be included in the annual premium billing for the next fiscal year's coverage.

#### Yearly Update to Schedules

At the end of a policy period, [blank schedules](#) (see page 26) will be sent to the participating agencies to complete for the next year. Complete the schedule(s) and return them to Risk Management on or before the required due date indicated in the cover letter.

**NOTE:** Values declared for this coverage must also be included in the STATEMENT of PROPERTY VALUES which each agency must complete for the Master Property policy coverage.

**NOTE:** The value to declare on the STATEMENT of PROPERTY VALUES form must be a replacement cost figure whereas the INLAND MARINE replacement cost figure for any single item is capped at \$2,000.

#### CAUTION

Do not use this synopsis to decide coverage. Refer all questions to Office of Insurance Management, as this office has sole responsibility for coverage determinations.





*RISK MANAGEMENT*

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STATE OF IDAHO  
Department of Administration  
Office of Insurance Management

INLAND MARINE  
CERTIFICATE OF COVERAGE

DEPARTMENT/AGENCY:

CERTIFICATE NUMBER:

AMOUNT COVERED:

PREMIUM:

EFFECTIVE DATE:

This certificate provides all-risk coverage on the schedule of items submitted to Risk Management, subject to a \$50 deductible and the coverage provisions specified in the Major Property Insurance Policy.

In the case of a loss, payment will be made on the scheduled amount. In no case will settlement be made for more than the replacement cost.

SIGNED: \_\_\_\_\_

Joan Compton  
Risk Management Analyst  
Office of Insurance Management, Risk Management

**CAUTION**

Do not use this synopsis to decide coverage. Refer all questions to Office of Insurance Management, as this office has sole responsibility for coverage determinations.



## SCHEDULE FOR INLAND MARINE COVERAGE

10/99



FROM (AGENCY NAME) _____	REQUESTED BY _____
CERTIFICATE NAME _____	CERTIFICATE NO. _____
EFFECTIVE DATE _____	
TOTAL VALUE _____	ADD _____ DELETE _____

TOTAL AMOUNT

Do not use this synopsis to decide coverage. Refer all questions to Office of Insurance Management, as this office has sole responsibility for coverage determinations.



## D. ENERGY SYSTEMS (B & M) COVERAGE

INDEX CODE - 9600

### DESCRIPTION OF COVERAGE

Energy Systems Insurance (formerly Boiler & Machinery Insurance) is written to insure accidents to objects that are not included under other policy forms. Property Insurance policies do not provide protection for explosion of steam boilers or other steam objects and provide no coverage for mechanical or electrical breakdown of any objects. Thus, the Energy Systems policy is essential to fill this gap or lack of coverage.

Energy Systems insurance provides broad form coverage for steam explosion, mechanical breakdown, electrical injury to equipment, repair or replacement valuation, and resultant business income and extra expense coverage. This coverage also includes inspection services for boilers and machinery.

### LIMITS

- Direct damages to any property that you own, operate, or control and are totally liable for. No depreciation applies. (Limit - \$50,000,000)
- Expediting expenses such as overtime and excess freight to expedite permanent repairs or expedite permanent replacement. (Policy limit - \$50,000,000)
- Extra expense used to continue normal operations. This would include rental of equipment, moving product to prevent loss etc. (Policy limit - \$50,000,000)
- Ammonia contamination. (Policy limit - \$50,000,000)
- Consequential: Food product spoilage due to lack of power, light, heat, steam or refrigeration. (Limit \$50,000,000)
- Service Interruption (Limit - \$100,000)
- Water damage from accident to insured object. (Limit - \$100,000)
- Business interruption including "Off Premises" P.U.D. transformers or electrical apparatus. (Limit - \$25,000,000)
- Hazardous substance (Limit - \$100,000)
- Demolition and increased cost of construction - Property Damage and Business Interruption (Limit - \$2,000,000)

### AGENCY DEDUCTIBLE

Property Damage	\$5,000 per occurrence
Business Income	12 hour waiting period
Utility Interruption	12 hour waiting period with \$1,000 deductible

### WHAT IS INSURED

The intent of the coverage is to include all critical objects in your plant, therefore Covered Property, as used in the policy, means any property not otherwise specifically excluded which, at the time of loss or damage, is located at the premises described in the declaratory and which: a) you own, or b) is in your care, custody, or control, and for which you are under obligation to keep insured. In brief, it includes: Fired or unfired pressure vessels, refrigeration or air conditioning equipment and any mechanical or electrical equipment that generates, transmits or utilizes mechanical or electrical power. This definition includes all critical objects in your plant. Covered property does not include:

### CAUTION

Do not use this synopsis to decide coverage. Refer all questions to Office of Insurance Management,  
as this office has sole responsibility for coverage determinations.



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## RISK MANAGEMENT

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1. Aircraft
2. Motor vehicles
3. Watercraft
4. Buried piping or vessels directly in the ground
5. Live animals, land, trees, shrubs, plants or growing crops
6. Property covered in whole or in part under any other policy of insurance in which the otherwise covered property is more specifically insured.

### WHERE THE OBJECTS ARE INSURED

An omnibus location description is used which includes “All locations owned, operated or under the control of the Insured, including locations owned by the Idaho State Building Authority and leased to the State of Idaho. Newly acquired locations are automatically included.

### COMMON TERMS - See Glossary

Bodily Injury  
Consequential Damage  
Expediting  
Extra Expense

### COMMON EXCLUSIONS

Exclusions are numerous and subject to the insurance carrier’s interpretation. Some exclusions do apply such as wear and tear, erosion, or corrosion. **It is imperative that we be notified immediately of any accident so the insurance carrier can be put on notice to investigate and determine coverage.**

### PROCEDURAL INFORMATION

#### Inspection Notices

For underwriting purposes, inspections are conducted at locations having “objects” on file with the insurance company. After such an inspection, Risk Management receives a copy of the inspection report from the insurance company. These reports are intended to assist in reducing the possibility of loss to property by bringing attention to existing or potential hazards which need prompt consideration to prevent such loss to property. The agency is asked to make the needed corrections listed on the report and send a letter of compliance to the insurance company. A copy of this letter should be sent to Risk Management. After the necessary corrections have been made, the insurance company will re-inspect the object for compliance and issue a certificate if warranted. Risk Management diaries these reports and checks periodically for compliance.

#### Claims Notification

Any potential loss under this coverage should be reported immediately to Risk Management so the insurance carrier can be notified in a timely manner. **NO REPAIRS TO THE OBJECT SHOULD BE MADE PRIOR TO NOTIFICATION/INSPECTIONS BY THE INSURANCE COMPANY.** The insurance company will need to inspect the equipment as well as associated damage to verify an “occurrence” under the terms of the policy.

#### CAUTION

Do not use this synopsis to decide coverage. Refer all questions to Office of Insurance Management,  
as this office has sole responsibility for coverage determinations.



## **E. OWNED, NON-OWNED AIRCRAFT LIABILITY COVERAGE AND AIRPORT COVERAGE**

INDEX CODE - 9700

### **DESCRIPTION OF COVERAGE**

The aircraft policies provide insurance for bodily injury, property damage, and passenger liability and physical damage coverage to the State-owned aircraft while in flight or on the ground. The policy covers the actual cash value of specified aircraft up to the declared insured value. The liability coverage applies to both State-owned and non-owned aircraft, operation of airports, and selling aircraft products and services.

### **LIMITS - LIABILITY**

\$5,000,000	Owned Aircraft #N20836
\$10,000,000	Owned Aircraft #N9438M, #N2336V, #N121TD
\$10,000,000	Non-Owned Aircraft
\$1,000,000	Instructional Aircraft at Idaho State University
\$1,000,000	Airport Premises
\$10,000,000	Products and Completed Operations
\$100,000	Hangarkeeper's Liability

### **LIMITS - PHYSICAL DAMAGE TO AIRCRAFT**

Per agreed schedule of values filed with the insurance company.

### **DEDUCTIBLE**

\$1,000	Non-Owned Physical Damage Legal Liability
-0-	Hull Damage - Not in Motion Aircraft #N121TD
-0-	Hull Damage - In Motion Aircraft #N121TD
\$1,000	Hangarkeeper's Liability

### **PILOT REQUIREMENTS FOR OWNED AIRCRAFT**

Any pilot approved by the chief pilot of the Named Insured, or his designee.

### **WHAT IS COVERED**

State-owned aircraft are covered for physical damage loss as well as liability losses. The State's liability for non-owned aircraft on State business is provided in excess of any other liability coverage available. National Guard fixed-wing aircraft are covered for liability to others when flying at the direction of the State.

### **CAUTION**

Do not use this synopsis to decide coverage. Refer all questions to Office of Insurance Management,  
as this office has sole responsibility for coverage determinations.



## RISK MANAGEMENT

### E. OWNED, NON-OWNED AIRCRAFT AND AIRPORT COVERAGE (continued)

#### COMMON TERMS - See Glossary

Actual Cash Value	Charter	Physical Damage
Bodily Injury	Liability	Property Damage

#### PREMIUM DETERMINATION

The premium for Owned Aircraft and for Aircraft Operations is determined by the insurance company. The premium for Non-Owned Aircraft is allocated by charging a rate per hour on the actual usage reported by the State agencies for non-owned aircraft. Allocation is based on the following:

- Charter service with certificate of insurance and with endorsement naming the State of Idaho as an additional insured \_\_\_\_\_ 1 hour use = 1 rate hour
- Employee pilot with certificate of insurance and with endorsement naming the State of Idaho as an additional insured \_\_\_\_\_ 1 hour use = 2 rate hours
- Charter service without certificate of insurance and without endorsement naming the State of Idaho as an additional insured \_\_\_\_\_ 1 hour use = 3 rate hours
- Employee pilot without certificate of insurance and without endorsement naming the State of Idaho as an additional insured \_\_\_\_\_ 1 hour use = 4 rate hours

This method of allocation is to give agencies the incentive to lessen the State's exposure to loss from non-owned aircraft usage.

#### PROCEDURAL INFORMATION

##### Transfer of Risk - Chartered Aircraft

The primary method of reducing the agency's liability exposure is to have the owner or operator of the chartered aircraft show proof of liability insurance coverage and to have the State named as an additional insured. Use of unapproved flying services will result in higher premium rates for your agency.

##### Certified Flying Services

Because of the premium allocation method, it is beneficial to use only flying services that have supplied a certificate of insurance and an additional insured endorsement to the State. The [attachment](#) (see pages 32-33) lists the flying services that have filed a current certificate of liability insurance and an endorsement naming the State of Idaho as an Additional Insured. If the service is not listed, contact Risk Management at 332-1872. Risk Management will contact the service advising them of our procedures.

##### Aircraft Usage

Each year, State agencies are requested to report all [owned, chartered or private aircraft usage](#) (see page 34). Agencies should report their actual flight hours in each category.

The formula for premium allocation will be applied by Risk Management. This information is requested in January and agencies will be billed annually on April 1.

#### CAUTION

Do not use this synopsis to decide coverage. Refer all questions to Office of Insurance Management,  
as this office has sole responsibility for coverage determinations.

**STATE OF IDAHO**  
**OFFICE OF INSURANCE MANAGEMENT**  
**FLYING SERVICES MEETING OIM REQUIREMENTS**  
**July 1, 2003**

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<b>FLYING SERVICES</b>	<b>LOCATION</b>	<b>INSURANCE EXPIRATION DATE</b>
Access Air	Boise	07-07-04
Arnold Aviation	Cascade	09-01-03
AV Center, Inc. (See Poc. AV Center)	Boise	03-23-04
Brooks Seaplane Service	Coeur d'Alene	05-18-04
Conyan Aviation, Inc.	Boise	04-07-04
Eagle Helicopters, Inc. (see Kachina Aviation)	Boise	05-01-04
Evergreen International Aviation	McMinnville, OR	04-01-04
Felts Field Aviation, Inc.	Spokane, WA	06-01-04
Guth, William R.	Salmon	04-01-04
G&S Aviation	Donnelly	05-08-04
Helowood Helicopters, Inc.	Tremonton, Utah	02-10-04
Hillcrest Aircraft Co.	Lewiston	06-01-04
Idaho Helicopters, Inc.	Boise	06-15-04
Idaho State Aircraft Charter Pool	Boise	04-01-04
Inter-State Aviation	Pullman, WA	10-15-03
Jeflyn Aviation, Inc. (See Access Air)	Boise	07-07-04
J.L. Aviation, Inc.	Portland, OR	07-01-04
Kachina Aviation (See Eagle Helicopters, Inc.)	Boise	05-01-04
Linett Aviation, LLC	Nampa	01-23-04
McCall Aviation, Inc.	McCall	07-01-04
Middle Fork Aviation Inc.	Challis	06-16-04
Mountain Air Research	Driggs	06-05-04
Mountain Bird, Inc. (See Salmon Air Taxi)		



CONT'D - III-12A

Page 2  
Flying Services  
July 1, 2003

Northern Air, Inc.	Bonnors Ferry	06-19-04
Orofino Aviation	Orofino	11-30-04
Panhandle Helicopters, Inc.	Post Falls & Hamilton, MT.	02-04-04
Pocatello Avcenter, Inc.	Pocatello	03-23-04
Pope, James (See Valley Helicopters)		
River City Helicopters, Inc.	Post Falls	04-22-04
Salmon Air Taxi	Salmon	12-01-03
Sandpoint Aviation	Sandpoint	04-26-04
Sawtooth Flying Service Inc.	Boise	12-10-03
Silverhawk Aviation	Caldwell	11-21-03
SP Aviation	Boise	12-01-03
Stanley Air Taxi	Stanley	12-15-03
Verde Aviation, Inc.	Boise	03-01-04
Western Air Express	Boise	03-15-04



*RISK MANAGEMENT*

**NON-OWNED AIRCRAFT USAGE**

DEPARTMENT \_\_\_\_\_ FROM \_\_\_\_\_ REPORT PERIOD \_\_\_\_\_  
DIVISION / AGENCY \_\_\_\_\_ TO \_\_\_\_\_  
PREPARED BY \_\_\_\_\_

NAME OF CHARTER SERVICE OR EMPLOYEE PILOT	LOCATION OF CHARTER SERVICE OR EMPLOYEE PILOT	CHECK ONE				TOTAL HOURS USED
		INSURANCE CERTIFICATE ON FILE WITH STATE		INSURANCE CERTIFICATE NOT ON FILE WITH STATE		
		Charter Service	Employee Pilot	Charter Service	Employee Pilot	

RETURN TO: Department of Administration  
Office of Insurance Management, Risk Management  
650 West State Street / PO Box 83720 / Statehouse Mail  
Boise, ID 83720-0079

**CAUTION**

Do not use this synopsis to decide coverage. Refer all questions to Office of Insurance Management,  
as this office has sole responsibility for coverage determinations.



## F. AUTOMOBILE PHYSICAL DAMAGE COVERAGE (Optional coverage)

INDEX CODE - 99XX (Fiscal Year)

### DESCRIPTION OF COVERAGE

This program will pay for loss or damage to covered automobiles due to collision and upset, as well as a variety of causes such as fire, wind, hail, theft, riot, vandalism, flood and other comprehensive losses. Towing costs, if required as a result of a covered loss, are also covered.

**Rental Car Coverage** - As an additional benefit, temporary rental cars are automatically covered by this coverage for all State agencies that already participate in the Automobile Physical Damage coverage. If an agency does **NOT** own a State vehicle, but occasionally rents a vehicle for State business, the agency may purchase auto physical damage coverage, through Risk Management, on all temporary rental vehicles of \$72 per year. By purchasing this coverage, agency personnel can continue to *decline* the CDW, "Collision Damage Waiver," on car rental agreements, thus avoiding duplicate coverage and expensive charges.

### LIMITS

Actual cash value of vehicle or cost to repair damage, whichever is less.

### DEDUCTIBLE

\$500 per occurrence.

### WHO IS INSURED

The State of Idaho; any agency, public health districts, universities and colleges with the exception of North Idaho Junior College and the College of Southern Idaho, any other entity under the State of Idaho's control or for which it assumes active management.

### WHAT VEHICLES ARE COVERED

If any agency desires coverage under this program, **all vehicles five years old or newer must be covered**. The [auto physical damage schedule](#) submitted to Risk Management (see page 39) must include the year, make, model, and serial number (VIN) of those vehicles to be covered.

### COMMON TERMS - See Glossary

Actual Cash Value	Deductible
Collision	Occurrence
Collision Damage Waiver	Physical Damage
Comprehensive	Salvage

### CAUTION

Do not use this synopsis to decide coverage. Refer all questions to Office of Insurance Management, as this office has sole responsibility for coverage determinations.



## F. AUTOMOBILE PHYSICAL DAMAGE (continued)

### COMMON EXCLUSIONS

This coverage does not apply to damage which is due and confined to wear and tear, freezing, mechanical failure or electrical breakdown, unless the damage is caused by an otherwise covered peril.

### PREMIUM DETERMINATION

Vehicles are classified into two categories for premium determination. They are: Class 1 vehicles which are one ton or below, and Class 2 vehicles which are over one ton in G.V.W. The premium for a Class 1 vehicle is \$36 per year per vehicle. The premium for a Class 2 vehicle is .75% of market value, or a \$50 minimum and a \$500 maximum premium per year. If either Class 1 or Class 2 vehicles have special equipment they will be assessed a premium based on .75% of market value.

Vehicles may be added or deleted at any time during the year. Premium adjustments will be prorated for vehicles added or deleted during the year and are computed at a fiscal year-end audit.

### PROCEDURAL INFORMATION

#### Additions / Deletions to Coverage

Any agency wishing to place a vehicle(s) under this coverage during the year must complete a [Request for Automobile Physical Damage](#) (see page 37) in duplicate. The copy is stamped in by Risk Management, initialed and returned to indicate the vehicle was placed under coverage. If you fax the request, the transmission date is your verification. To delete a vehicle from coverage, indicate on the Request for Automobile Damage Coverage form that deletion of coverage is wanted (see page 37). Risk Management must be notified of any changes within 30 days of the date you are aware of the change.

#### Leased Vehicles

The State will provide [verification of coverage for leased vehicles](#) upon request (see page 38).

#### Yearly Update

Each year, the agencies participating in this program are asked to complete an updated [Schedule for Automobile Physical Damage Coverage form](#) (see page 39). It is from this schedule that Risk Management calculates the billing for this coverage, which is billed annually on July 1.

### CAUTION

Do not use this synopsis to decide coverage. Refer all questions to Office of Insurance Management, as this office has sole responsibility for coverage determinations.



*RISK MANAGEMENT*

**If you require confirmation,  
COMPLETE THIS FORM IN DUPLICATE**

TO: STATE OF IDAHO  
DEPARTMENT of ADMINISTRATION  
OFFICE OF INSURANCE MANAGEMENT  
STATEHOUSE

**AUTOMOBILE PHYSICAL DAMAGE COVERAGE**

Request for

☐ **ADDITION**    ☐ **DELETION**  
(Check Appropriate Box)

DEPARTMENT: \_\_\_\_\_

REQUESTED BY: \_\_\_\_\_

EFFECTIVE DATE: \_\_\_\_\_

VEHICLE DESCRIPTION: \_\_\_\_\_

IDENTIFICATION NO: \_\_\_\_\_

VALUE: \_\_\_\_\_

LOSS PAYEE: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**CONFIRMATION OF COVERAGE REQUEST BY RISK MANAGEMENT:**

DATE: \_\_\_\_\_ SIGNATURE: \_\_\_\_\_

**CAUTION**

Do not use this synopsis to decide coverage. Refer all questions to Office of Insurance Management,  
as this office has sole responsibility for coverage determinations.



*RISK MANAGEMENT*

---

TO: STATE OF IDAHO  
DEPARTMENT OF ADMINISTRATION  
OFFICE OF INSURANCE MANAGEMENT  
STATEHOUSE

**CERTIFICATE OF AUTO PHYSICAL DAMAGE COVERAGE**

**CERTIFICATE ISSUED TO:**

Automobile Physical Damage Coverage for the State of Idaho and its departments and agencies is provided through the Retained Risk Account by the Office of Insurance Management, Risk Management. The automobiles are covered for auto physical damage per the schedule on file with Risk Management.

*The Office of Insurance Management, Risk Management agrees that loss, if any, under the Auto Physical Damage coverage shall be payable to the State of Idaho's departments or agencies or to any parties designated by the State of Idaho's departments or agencies as their interests may appear. As respects parties designated by the State's departments or agencies, the obligation shall be set forth by written agreement between the State of Idaho's departments or agencies and the other party, prior to loss.*

**DESCRIPTION OF VEHICLE:**

**DEPARTMENT / AGENCY:**

In the event of any material change in, or cancellation of, said coverage, the Office of Insurance Management, Risk Management will endeavor to give written notice to the party to whom this certificate is issued; however, failure to give such notice shall impose no obligation upon the State of Idaho and the Office of Insurance Management, Risk Management.

Date Issued: \_\_\_\_\_

\_\_\_\_\_  
Authorized Representative

**CAUTION**

Do not use this synopsis to decide coverage. Refer all questions to Office of Insurance Management,  
as this office has sole responsibility for coverage determinations.



## SCHEDULE FOR AUTOMOBILE PHYSICAL DAMAGE COVERAGE

TEL. NO.: \_\_\_\_\_

YEAR	MAKE	MODEL	IDENTIFICATION NUMBER	SPECIAL EQUIPMENT	CLASS II VEHICLES ONLY	
					GVW	CASH VALUE

Do not use this synopsis to decide coverage. Refer all questions to Office of Insurance Management, as this office has sole responsibility for coverage determinations.



## G. PUBLIC EMPLOYEE BLANKET BOND & CRIME INSURANCE

INDEX CODE - 9110

### DESCRIPTION OF COVERAGE

The Employee Blanket Bond covers faithful performance of State employees' duties and responsibilities and all money and property within their control. The Crime portion covers all State employees for loss caused by destruction, disappearance, theft, and robbery of money and securities from a covered State agency, either on State property or while in transit by an authorized employee. This policy also covers all State employees for losses due to forgery and alteration, computer fraud, and loss due to acceptance of counterfeit currency or money orders. It is important that you notify Risk Management upon discovery of a loss or potential loss.

LIMITS	Per Loss
Public Employee Dishonesty:	\$10,000,000
Faithful Performance	\$10,000,000
Forgery or Alteration	\$1,000,000
Theft, Disappearance and Destruction	\$1,000,000
Robbery & Safe Burglary	\$1,000,000
Computer Fraud	\$10,000,000
Wire Funds Transfer Fraud	\$10,000,000
Credit Card Forgery	\$100,000

### LIMITATION OF COVERAGE

An employee is terminated from further coverage upon the discovery of any act on the part of the employee that would constitute a loss under the bond. Therefore, employees should be suspended or relieved of responsibilities, according to the Division of Human Resources Rules and Regulations, upon discovery of any act by an employee that might give rise to a loss under the bond. **It is imperative that Risk Management be notified immediately upon discovery of a loss or potential loss.**

### DEDUCTIBLE - AGENCY

\$2,000 per occurrence for all lines.

\$500 for Credit Card Forgery.

### WHO IS COVERED

The State of Idaho, agency or its subsidiary of the State, public health districts, any other entity under the Named Insured's control for which it assumes active management, employees, authorized volunteers, members of boards or commissions, elected or appointed officials are covered.

### CAUTION

Do not use this synopsis to decide coverage. Refer all questions to Office of Insurance Management,  
as this office has sole responsibility for coverage determinations.





## **G. EMPLOYEE BOND & CRIME (continued)**

### **COMMON TERMS - See Glossary**

Employee Bond/Crime Insurance

Fidelity Bond

Surety Bond

### **PREMIUM DETERMINATION**

Risk Management will periodically send [questionnaires](#) (see pages 42-44) to all agencies to determine the number and type of classification and potential crime risks. Total count of all employees is provided to the bonding company to determine a statewide premium. This premium is then allocated to the various agencies based on prior questionnaires.

### **CLAIMS NOTIFICATION**

**It is imperative that Risk Management be notified immediately upon discovery of a loss or potential loss.**

### **CAUTION**

Do not use this synopsis to decide coverage. Refer all questions to Office of Insurance Management,  
as this office has sole responsibility for coverage determinations.



*RISK MANAGEMENT*

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STATE of IDAHO  
DEPARTMENT of ADMINISTRATION  
OFFICE OF INSURANCE MANAGEMENT  
APRIL 1, 1999 RENEWAL

PUBLIC EMPLOYEE BLANKET BOND - CLASSIFICATION OF EMPLOYEES

AGENCY: \_\_\_\_\_ DATE: \_\_\_\_\_

SIGNED BY: \_\_\_\_\_ TEL NO.: \_\_\_\_\_

Class A

All executive, administrative, judicial and supervisory officials, department and division heads, peace officers and process servers and others who, as part of their regular duties, handle, receipt for or have custody of money, checks or securities or are accountable for supplies or other property.

All persons who have the power to authorize or make appropriations for expenditures, approve, certify, or countersign checks and other disbursements, maintain or audit accounts of money, checks, securities, time records, supplies, or other property, or take physical inventories of property.

Class B

Persons not having the duties or responsibilities of Class A employees and who are principally engaged in outside or inside clerical activities, office work such as stenography, typing, business machine operations, etc., or operation of vehicles transporting passengers for cash fares or tickets.

Skilled and unskilled laborers and craftsmen, members of medical and nursing professions doing non-clerical work and teachers and outside field workers doing non-clerical work and people engaged solely in mechanical operations of automotive equipment.

Employee Classification Summary

CLASS A EMPLOYEES + CLASS B EMPLOYEES = TOTAL CLASS A & CLASS B EMPLOYEES

**CAUTION**

Do not use this synopsis to decide coverage. Refer all questions to Office of Insurance Management,  
as this office has sole responsibility for coverage determinations.



*RISK MANAGEMENT*

OFFICE OF INSURANCE MANAGEMENT

CRIME QUESTIONNAIRE

APRIL 1, 1999 RENEWAL

AGENCY: \_\_\_\_\_ BY: \_\_\_\_\_

Your assistance in completing the questionnaire below is appreciated. Figures need only be approximations. *The questionnaire must be returned to the Office of Insurance Management, Statehouse mail (PO Box 83720, Boise, ID 83720-0079), no later than* \_\_\_\_\_. If there are any questions, do not hesitate to contact our office.

1. a. Average amount of cash plus food stamps on premises during business hours \_\_\_\_\_  
Maximum \_\_\_\_\_
- b. Average amount of cash plus securities, checks, food stamps and other negotiable instruments on premises daily during business hours \_\_\_\_\_
2. a. What is the source of funds in #1 above? \_\_\_\_\_  
\_\_\_\_\_
- b. Does the general public conduct financial transactions with your office? YES ☐ NO ☐  
If so, on a percentage basis of total dollars involved, how much business is done in person?  
(estimate) \_\_\_\_\_  
How much of the above is in cash? \_\_\_\_\_
- c. Are monies and/or food stamps stored overnight? YES ☐ NO ☐
- d. If a safe is used, please give the type. \_\_\_\_\_
- e. If you do not have a safe, what type of security is provided? \_\_\_\_\_  
\_\_\_\_\_
- f. If a burglar alarm is used, please give type. \_\_\_\_\_
- g. Number of guards. \_\_\_\_\_
3. a. Do you have messengers transporting money and securities? YES ☐ NO ☐
- b. If so, what are the pick-up and delivery points? \_\_\_\_\_
- c. Maximum cash and securities in care of the above messenger. \_\_\_\_\_
- d. Do any messengers have money at home overnight? YES ☐ NO ☐  
If so, who? \_\_\_\_\_

**CAUTION**

Do not use this synopsis to decide coverage. Refer all questions to Office of Insurance Management,  
as this office has sole responsibility for coverage determinations.



*RISK MANAGEMENT*

PAGE TWO  
CRIME QUESTIONNAIRE

4. a. Do any field personnel collect cash, food stamps, checks or other negotiable instruments? YES ☐ NO ☐  
If so, who? \_\_\_\_\_
- b. Do they ever keep it overnight? YES ☐ NO ☐  
If so, who? \_\_\_\_\_
- c. Are all checks endorsed "For Deposit Only" immediately upon receipt? YES ☐ NO ☐
- d. How often are accounts audited? \_\_\_\_\_
5. a. Number of custodians on premises after business hours \_\_\_\_\_
- b. What hours do they work? \_\_\_\_\_
6. How often is physical inventory made of stocks and supplies? \_\_\_\_\_
7. List date and amount of losses during the last 5 years.

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ADDITIONAL SPACE FOR QUESTIONS ON PAGE 1

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**CAUTION**

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as this office has sole responsibility for coverage determinations.



## H. NOTARY BOND COVERAGE

INDEX CODE - 9120

### DESCRIPTION

A notary bond covers a State employee for liability for breach of duty while acting as a duly commissioned and sworn Notary Public. The bond period runs for 6 years and must be re-applied for at that time through the State Office of Insurance Management, Risk Management. **All notary bonds for State employees must be obtained through Risk Management.**

### LIMITS

\$10,000 per bond.

### LIMITATION of COVERAGE

*This commission should be used only for official State business.* This bond does not apply to any dishonest, fraudulent, criminal, or malicious act or omission of the employee. The employee must be at least 18 years old, be able to read and write the English language, be a resident of Idaho, and if not a resident, must be employed or doing business in Idaho.

### PROCEDURE INFORMATION

- **Application:** When an employee is to be bonded, the agency must contact Risk Management at 332-1869 or mail/fax a request naming the employee to be bonded. The agency/employee will be sent a [Notary Public Bond](#) and [Application](#) (see pages 46 and 47). Both forms must be completed and returned to Risk Management. **Read instructions carefully** (see page 48).

The Secretary of State will review the notary bond and application and mail a “Certificate of Commission” to the employee, at which time the Notary Public authority may be used.

- **Notary Seal:** The applicant must affix his/her rubber notary stamp to the application form. The employee/department is responsible for purchasing the notary stamp if the applicant does not have one. The following information must appear on the stamp: “State of Idaho,” “Notary Public,” and the employee’s name.
- **Bond Fees:** The notary bond is provided through Risk Management at no charge to State of Idaho employees.
- **Name Change, Change of Address, Transfer to Another Agency, or Termination of Employment:** Risk Management should be notified in writing at PO Box 83720, Boise, ID 83720-0079 of any changes in any of the above-listed items. The Secretary of State’s office should also be notified in writing of any changes.

Secretary of State  
PO Box 83720  
Boise, ID 83720-0080

### CAUTION

Do not use this synopsis to decide coverage. Refer all questions to Office of Insurance Management,  
as this office has sole responsibility for coverage determinations.



RISK MANAGEMENT

NOTARY PUBLIC BOND

For State of Idaho Employees

KNOW ALL BY THESE PRESENTS:

That the UNDERSIGNED, an employee of the State of Idaho or one of its agencies, as Principal, and the RETAINED RISK ACCOUNT FOR THE STATE OF IDAHO, through the Office of Insurance Management, Risk Management, as surety, are held and bound firmly in the just sum of TEN THOUSAND (\$10,000) DOLLARS,

to be paid to the State of Idaho if such employee fails to faithfully and diligently perform the duties as prescribed by the Idaho Notary Public Act. The Retained Risk Account and said Principal are hereby jointly and severally bound unto each other by these presents.

THE CONDITION OF THE ABOVE OBLIGATION IS SUCH, That whereas, the Secretary of State of the State of Idaho, is about to appoint and commission the said Notary Public

Employee Name (Typed)

in and for the State of Idaho, to have and to hold the said office with all the privileges and emoluments to the same appertaining, during the term of six years, unless the commission is sooner canceled by the Secretary of State, as in and by a commission to be issued under the hands of the Secretary of State, and the Great Seal of Idaho, more fully appears.

NOW THEREFORE, THE CONDITION OF THIS OBLIGATION IS SUCH, That if the said Principal, has faithfully and diligently performed, executed and discharged, and shall continue faithfully and diligently to perform, execute and discharge all and singular the duties of said office according to law, then this obligation to be void and of no effect, otherwise to remain in full force and effect.

STATE EMPLOYEE (Please Type)

Name

Agency/Department

Business Mailing Address

CITY/ZIP

Business Phone

SIGNED and dated this day of, 19

SIGNATURE OF EMPLOYEE AS

PRINCIPAL

DEPARTMENT HEAD OR DESIGNEE

I hereby request the State of Idaho employee named herein be commissioned as a Notary Public and do hereby authorize this application for commission as a Notary Public.

NAME

(TYPED) TITLE

SIGNATURE DATE

WITNESS

Joan Compton, Insurance Analyst

State of Idaho Risk Management

OIM 10/99

CAUTION

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## RISK MANAGEMENT

### STATE OF IDAHO APPLICATION FOR APPOINTMENT AS NOTARY PUBLIC

**PLEASE READ CAREFULLY AND COMPLETE ALL ITEMS.  
FAILURE TO COMPLETE THE ENTIRE FORM WILL CAUSE REJECTION OF YOUR APPLICATION.**

I, \_\_\_\_\_, hereby apply for appointment to a commission as Notary Public for the State of Idaho. I make the following statements in support of the application:

- (1) I am on this date at least eighteen (18) years of age.
- (2) My gender is Male ☐ Female ☐ (check appropriate box).
- (3) Former Name (if you have previously been commissioned in Idaho under another name): \_\_\_\_\_
- (4) Have you previously been commissioned in Idaho?: \_\_\_\_\_
- (5) I reside at: \_\_\_\_\_  

(Street Address)

\_\_\_\_\_ (City)
\_\_\_\_\_ (State)
\_\_\_\_\_ (Zip Code)
\_\_\_\_\_ (Phone Number)
- (6) If I am **not** a resident of Idaho, I am employed or doing business in Idaho at \_\_\_\_\_  

(Name of business)

\_\_\_\_\_ (Street Address)
\_\_\_\_\_ (City)
\_\_\_\_\_ (State)
\_\_\_\_\_ (Zip Code)
- (7) The mailing address to which the certificate should be sent (if different from 5) is \_\_\_\_\_  

\_\_\_\_\_ (Street Address or PO Box)
\_\_\_\_\_ (City)
\_\_\_\_\_ (State)
\_\_\_\_\_ (Zip Code)
- (8) Name, address, and phone number of **insurance agency** who wrote the notary bond: \_\_\_\_\_  

(Name of Agency)

\_\_\_\_\_ (Address)
\_\_\_\_\_ (City)
\_\_\_\_\_ (State)
\_\_\_\_\_ (Zip Code)
\_\_\_\_\_ (Phone Number)
- (9) Name of **bonding company** and bond number: \_\_\_\_\_  

(Company)
- (10) I am able to read and write the English language.
- (11) I have not been convicted of a serious crime nor removed from the office of Notary Public for official misconduct within the past ten (10) years.

NOTE: If the applicant cannot truthfully make the statements in Items (1), (6), (10), and (11) above, he or she is ineligible to hold the office of Notary Public, and should proceed no further with this application.

APPLICANT: Affix specimen of your seal here

(Seal can be purchased from office supply, stationery, or stamp company) (SEAL)

#### OATH OF OFFICE

I \_\_\_\_\_, solemnly swear (or affirm) that the answers to all questions in this application are true, complete, and correct; that I have carefully read the notary laws of this State and I am familiar with their provisions; that I will uphold the Constitution of the United States and the Constitution and laws of the State of Idaho; and I will faithfully perform, to the best of my ability, the duties of the office of Notary Public.

\_\_\_\_\_  
**Applicant Signature**  
 State of Idaho \_\_\_\_\_ )  
 County of \_\_\_\_\_ ) SS  
 Subscribed and sworn (or affirmed) before me this \_\_\_\_\_  
 day of \_\_\_\_\_, 19 \_\_\_\_\_.  
 \_\_\_\_\_  
**Notary Public signature**  
 My commission expires on \_\_\_\_\_, 19\_\_\_\_\_.

FOR FILING OFFICE USE ONLY	
K:\NOTARY\NOTAPPL.PM5	October 1999

#### CAUTION

Do not use this synopsis to decide coverage. Refer all questions to Office of Insurance Management,  
as this office has sole responsibility for coverage determinations.





## RISK MANAGEMENT

### State Of Idaho INSTRUCTIONS

For Completing the Notary Public Bond Form, the Application Form and Purchasing a Notary Stamp For State of Idaho Employees

This notary bond is provided at no charge through the Office of Insurance Management to employees of State of Idaho agencies. All bond fees and filing fees are waived. This commission should be used **only** for official State business.

---

**PLEASE RETURN THE COMPLETED NOTARY PUBLIC BOND AND APPLICATION TO:**  
"Office of Insurance Management/Risk Management, PO Box 83720, Boise, ID 83720-0079"

---

#### **A. NOTARY PUBLIC BOND**

1. The employee is to complete all blank spaces and sign the pink Risk Management *NOTARY PUBLIC BOND* form as "Principal". For scanning purposes, typewritten responses are preferred.
2. The employee's supervisor or authorized designee must also sign this form.

#### **B. APPLICATION**

**(NOTE: The employee must have a RUBBER notary stamp (no embossing seals allowed after 7/1/98 per Idaho Code 51-106) to complete the application (see No. 5 below)**

3. The employee is to complete all blank spaces. Please note the following:
  - (a) Lines 1-6 — Provide the appropriate information.
  - (b) Line 7 — Employee's agency address. Certificate will be mailed to this address.
  - (c) Line 8 — Type the "Office of Insurance Management/Risk Management, PO Box 83720, Boise, Idaho 83720-0079" as insurance agency.
  - (d) Line 9 — Type in "Retained Risk Account" as bonding company.
  - (e) **The employee must have a State of Idaho notary stamp to complete the application. (See No. 5 below.) The employee affixes the Notary Stamp on the application where indicated.**
4. The employee's signature must be notarized by a commissioned notary public (at the bottom of the application).

#### **C. NOTARY STAMP**

**(NOTE: if the employee already owns a State of Idaho RUBBER notary stamp, disregard this step)**

5. If needed, obtaining and paying for a rubber notary stamp is the responsibility of the Department/Employee. **The employee's name must appear on the notary public bond and application as it appears on the stamp. NOTE: On July 1, 1998, the Notary Public law eliminated the use of embossing seals. All notaries applying for the first time OR if your renewal date is after July 1, 1998, you must obtain a rubber stamp seal.** The notary stamp should display **ONLY** the "employee's name," and the words "The State of Idaho" and "Notary Public".

As a convenience, stamps can be ordered from the State's major supplier, ABC Stamp Company, PO Box 8207, Boise, Idaho 83707-2207, via fax (208-377-3509), phone (208-375-4470), or in writing, **OR** contact any local supplier making notary public stamps.

After review and acceptance of the completed notary public bond and application, the employee will receive a "Certificate of Commission" from the Secretary of State's office, at which time the Notary Public authority may be used.

**PLEASE NOTIFY THE OFFICE OF INSURANCE MANAGEMENT/ RISK MANAGEMENT OF ANY CHANGE IN STATUS OF THE EMPLOYEE NOTARY, SUCH AS CHANGE OF NAME, CHANGE OF ADDRESS, TRANSFER TO ANOTHER STATE AGENCY, OR TERMINATION OF EMPLOYMENT. PLEASE CALL 208) 332-1869 OR 332-1872 SHOULD YOU HAVE QUESTIONS.** RM 9/99

#### **CAUTION**

Do not use this synopsis to decide coverage. Refer all questions to Office of Insurance Management, as this office has sole responsibility for coverage determinations.





## **I. MUSEUM & EXHIBITION FLOATER**

INDEX CODE - 94XX

### **DESCRIPTION OF COVERAGE (This coverage is optional)**

This policy covers:

- Paintings
- Etchings
- Prints
- Drawings (including their frames, glasses and shadow boxes)
- Rare books
- Manuscripts
- Rugs
- Tapestries
- Statuary
- Other bona fide works of art or rarity, historic value, or artistic merit
- Property of the Insured on loan to others
- Property of others on loan to the Insured and which the insured has been instructed to insure, all of which shall constitute the Insured's "loan collection," while in transit and while on exhibition or otherwise within the contiguous State of the United States, the District of Columbia and the Provinces of Canada

### **LIMITS**

- \$1,000,000 per occurrence for any one loss
- Declared value or the cost to repair or replace the item(s), which ever is less

### **DEDUCTIBLE**

\$500 per occurrence

### **PREMIUM DETERMINATION**

The cost of coverage is based on estimated annual premium determined by the insurance company.

### **CAUTION**

Do not use this synopsis to decide coverage. Refer all questions to Office of Insurance Management,  
as this office has sole responsibility for coverage determinations.



## **I. MUSEUM & EXHIBITION FLOATER (CONTINUED)**

### **REPORTING PROCEDURES**

To cover items under this coverage, the [Fine Arts Insurance Policy Request form](#) (see page 51) must be completed and received by Risk Management before the insurance becomes effective.

The following information must also be included in a contract between the agency and the artist/owner:

1. Date coverage is to be effective
2. Value and schedule of items to be insured
3. Location of the exhibition or items to be insured
4. Security measures to be implemented
5. Date coverage is to terminate
6. If Transit coverage is desired, the following information is also necessary:
  - A. Date and origin of each shipment
  - B. Method of each shipment
  - C. Value of each shipment (not to exceed th
7. Who will be responsible for the deductible

### **CAUTION**

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as this office has sole responsibility for coverage determinations.



*RISK MANAGEMENT*

STATE OF IDAHO  
DEPARTMENT OF ADMINISTRATION  
OFFICE OF INSURANCE MANAGEMENT  
REQUEST FOR INSURANCE

FINE ART INSURANCE POLICY

TO: Office of Insurance Management

FROM: \_\_\_\_\_

Please insure the artwork listed on the attached schedule.

Artist's Name: \_\_\_\_\_

Date(s) of Exhibition: \_\_\_\_\_

Location of Exhibition: \_\_\_\_\_

Insurance Coverage to BEGIN \_\_\_\_\_ END \_\_\_\_\_

Type of Artwork, Number of Pieces (attach schedule): \_\_\_\_\_

\_\_\_\_\_

Total Value of Exhibit: \$ \_\_\_\_\_

\*\*\*\*\*

Is insurance requested for transit (circle one)?      Yes      No

Shipped TO \_\_\_\_\_ FROM \_\_\_\_\_

Packed by \_\_\_\_\_, \_\_\_\_\_  
(Date of Packing)

Shipped FROM \_\_\_\_\_ TO \_\_\_\_\_

Packed by: \_\_\_\_\_, \_\_\_\_\_  
(Date of Packing)

\_\_\_\_\_  
(Signature of R.M. Coordinator)

**CAUTION**

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as this office has sole responsibility for coverage determinations.



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## RISK MANAGEMENT

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### **J. ADMINISTRATIVE FEES**

INDEX CODE - 9102

#### **DESCRIPTION**

Administrative fees are authorized by *Idaho Code § 67-5777* and are used to pay the costs of maintaining the operation of Risk Management. This includes salaries, operating expenses, professional expenses, and other current expenses. The charges are necessary as Risk Management does not receive general funds and must bill for services rendered.

#### **FEE DETERMINATION**

Each agency is assessed its administrative fee based upon the percentage of premium contributed by the agency to the total premium from all agencies. Fees are billed annually at the beginning of each fiscal year.

#### **CAUTION**

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as this office has sole responsibility for coverage determinations.



# IV

# CLAIMS PROCEDURES

**CAUTION**

Do not use this synopsis to decide coverage. Refer all questions to Office of Insurance Management,  
as this office has sole responsibility for coverage determinations.



## A. BASIC CLAIM TYPES

There are three basic claim types that Risk Management deals with:

- 1. Liability:** Claim presented by a third party who feels they have been injured or damaged by an action or lack of action by the State.
- 2. Property:** Claim made by a State agency for damage, destruction, or loss of their real or personal property.
- 3. Auto Physical Damage:** Claim made by a State agency for damage, destruction, or loss of their owned or leased vehicles.

## B. THE CLAIMS PROCESS

The following are the basic steps that Risk Management follows in adjudicating claims on behalf of the State:

### 1. Liability Claims

- Coverages:** Is the claimed loss covered?
- Investigation:** The process of gathering facts from the involved parties. The extent of the investigation is driven by the claim exposure and complexity.
- Evaluation / Analysis:** Determining legal liability and the value of the claim.
- Resolution:** Conclusion of the claim is by a full settlement, a compromise settlement, or denial of liability.
- Defense:** Unresolved or denied claims often go into litigation. The agency and employees will be defended by legal counsel appointed by the Attorney General's Office in association with Risk Management.

### 2. Property Claims

- Coverage:** Is the property and/or loss covered (not excluded)?
- Investigation:** Process of gathering facts from the involved parties. The extent of the investigation is driven by the claim exposure and complexity.
- Damages:** Documentation supporting the loss.
- Resolution:** Payment or denial of the claim.
- Subrogation:** Attempt to recover from a potentially liable third party.

#### CAUTION

Do not use this synopsis to decide coverage. Refer all questions to Office of Insurance Management, as this office has sole responsibility for coverage determinations.



## B. CLAIMS PROCESS (continued)

### 3. Auto Physical Damage Claims

<b>Coverage:</b>	Is the State 50 percent or greater at fault based upon initial facts known? Is the damaged vehicle and/or loss covered by Risk Management?
<b>Investigation:</b>	Process of gathering facts from the involved parties. The extent of the investigation is driven by the claim exposure and complexity.
<b>Damages:</b>	Documentation supporting the loss.
<b>Resolution:</b>	Payment or denial of the claim.
<b>Subrogation:</b>	Attempt to recover from potentially liable third party.

## C. YOUR ROLE IN THE CLAIMS PROCESS

Your agency's role in the claims process includes the following:

**Claim/Incident Reporting:** The initial reporting to OIM of claims and incidents which may result in claims.

**Processing Claims:** The filing of a claim on behalf of the agency against a responsible third party (i.e., an auto accident for which the third party and/or their insurance carrier is liable for damage to a State vehicle). The agency should:

- A. Contact the third party and/or their insurance carrier to report the incident and notify them of your intent to pursue a claim for damage to State property.
- B. Cooperate and coordinate with their investigation of the claim.
- C. Obtain estimates and/or have the damaged property available for their appraisal.

**Liaison:** Risk Management will contact you during the claims process to obtain the necessary information from your agency. Risk Management looks to you to place us in contact with individuals within your agency to assist in the processing of the claim.

Risk Management hires independent adjusters and legal counsel to assist in the claims process when necessary. These individuals are acting on behalf of Risk Management and your agency. They require your cooperation and assistance. If you are unsure of their representation, please contact Risk Management for verification.

**Advisor:** Some claims have issues that go beyond the individual claim process. Such issues may relate to your employees, the operation of your programs, or may be politically sensitive. We need to be alerted of those considerations by you.

### CAUTION

Do not use this synopsis to decide coverage. Refer all questions to Office of Insurance Management, as this office has sole responsibility for coverage determinations.



## D. CLAIM AND INCIDENT REPORTING

### 1. *Liability Claims*

**Claims:** Liability claims against the State of Idaho must be filed in accordance with the Idaho Tort Claims Act (*Idaho Code* § 6-905).

All third parties presenting a claim or inquiring about filing procedures should be given a [“Citizen’s Claim Procedure” form](#) (see page 59). If additional information is requested, please refer the claimant to Risk Management.

**UNDER NO CIRCUMSTANCE IS THE AGENCY TO FILE THE CLAIM  
AND/OR DOCUMENTS WITH THE SECRETARY OF STATE  
ON BEHALF OF THE CLAIMANT.**

**Incidents:** Any incident involving a third party for which there is potential liability or the possibility of a claim being filed needs to be reported to Risk Management as soon as you become aware of it. Please provide as much detail as possible and submit supplemental information as it is received.

Risk Management needs to know about an incident if:

- The party indicates they feel the State caused their damages;
- The party indicates they feel the State should pay for their damages;
- It appears the State is at fault (**NEVER ADMIT FAULT!**); or,
- Injuries or damage are serious (i.e., broken bones, back injury, property damage over \$2,000) and the State may be at fault. Any accident involving serious injury must be reported immediately by telephone.

***IF IN DOUBT, REPORT IT !!***

**Forms:** The following are internal forms to be filled out by the agency and submitted to Risk Management. These forms must **never** be given to the potential claimant for any reason. If you are obtaining a written statement from the potential claimant, please give them a blank sheet of paper for that purpose.

- The [“Auto Accident Report Guide”](#) (see pages 61-62) must be completed by the employee driver involved and submitted to Risk Management.
- The [“Accident/Incident Report” form](#) (see page 64) must be completed for all incidents other than auto and submitted with additional information.

### 2. *Property Claims*

**Major Property:** The following types of property losses must be reported to Risk Management immediately:

- Losses with damage in excess of \$10,000
- Losses which will obviously require the assistance of an independent adjuster for coordination of repairs or to resume operations

#### CAUTION

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#### D. CLAIM AND INCIDENT REPORTING (continued)

- Energy Systems losses
- Natural disasters such as fire, flood, and earthquake
- Pollution, Toxicity of any sort

All property claims over \$2,000 must be filed with Risk Management by completing the green “[Property or Loss Reporting Form](#)” (see page 58) within 90 days from the date of loss.

All losses involving theft, vandalism, or similar crimes must be reported to your local law enforcement authorities as soon as discovered. Risk Management will require a copy of the police report.

***Inland Marine:*** Notify Risk Management of Inland Marine claims by completing the green “[Property or Loss Reporting Form](#)” (see page 58) and submitting it to Risk Management within 90 days from the date of loss. The box on the reporting form indicating Inland Marine coverage must be checked and the following information must be included:

- The Inland Marine Certificate number(s) if known
- Serial numbers and/or State property tag number (Use the same identification number used on the Inland Marine schedule.)
- All supporting information, quotes, estimates, or vouchers showing replacement cost must be submitted before the loss will be paid

#### 3. *Auto Physical Damage Claims*

The following accidents must be reported to Risk Management immediately:

- Accidents involving serious bodily injury or death (regardless of fault)
- Accidents involving damage in excess of approximately \$2,500 and possible total losses to a vehicle
- Accidents where fault is unclear
- Accidents which occur out-of-state

Auto physical damage claims with damage over \$500 must be submitted with the “[Auto Accident Report Guide](#)” (see pages 61-62). Claims must be reported within 30 days of the date of loss and must include the following information:

- Vehicle Identification Number (VIN)
- Year, make, and model
- Name of employee and agency involved
- Date of loss
- Description of damage to vehicle
- Current location of vehicle
- Two estimates of repair costs if available at time of reporting

Please note that the Idaho Auto Accident Report Guide must be submitted to Risk Management any time a third party is involved as this form is also used for reporting potential auto liability claims.

The Idaho Auto Accident Report Guide forms are to be completed by the State employee ONLY. This form is for internal reporting to Risk Management and must not be given to third-party claimants.

#### CAUTION

Do not use this synopsis to decide coverage. Refer all questions to Office of Insurance Management,  
as this office has sole responsibility for coverage determinations.



# RISK MANAGEMENT

## E. FORMS

### STATE OF IDAHO PROPERTY LOSS REPORTING FORM

(To be submitted within 90 days from date of occurrence)

TO: DEPARTMENT OF ADMINISTRATION  
OFFICE OF INSURANCE MANAGEMENT, RISK MANAGEMENT  
PO BOX 83720  
BOISE, ID 83720-0079

DATE \_\_\_\_\_

AGENCY SUFFERING LOSS \_\_\_\_\_

DATE OF LOSS OR DAMAGE \_\_\_\_\_

TYPE OF LOSS	Fire _____	Explosion _____	Inside Theft _____
	Wind _____	Machinery _____	Outside Theft _____
	Water _____	Breakage _____	Power Outage _____
	Other _____		

ITEM DAMAGED OR STOLEN \_\_\_\_\_

DESCRIPTION OF LOSS OR DAMAGE (If lost, location of item when last seen) \_\_\_\_\_

APPROXIMATE DOLLAR AMOUNT OF LOSS OR DAMAGE \_\_\_\_\_

REPORT SUBMITTED BY \_\_\_\_\_ PHONE \_\_\_\_\_

WHO SHOULD BE CONTACTED FOR FURTHER INFORMATION? \_\_\_\_\_

ADDRESS AND PHONE \_\_\_\_\_

COULD ANYTHING HAVE BEEN DONE TO PREVENT THE DAMAGE OR LOSS? \_\_\_\_\_

WHAT COULD BE DONE IN THE FUTURE TO PREVENT SIMILAR DAMAGE OR LOSS? \_\_\_\_\_

\*\*\*\*\*FOR RISK MANAGEMENT USE ONLY\*\*\*\*\*

Copy to insurance broker	Yes	_____	No	_____	Done	_____
Adjuster assigned	Yes	_____	No	_____	Done	_____
Coverage verified	Yes	_____	No	_____	Done	_____

Inland Marine \_\_\_\_\_ Property \_\_\_\_\_ Boiler \_\_\_\_\_ Other \_\_\_\_\_

Policy Number \_\_\_\_\_ Policy Date \_\_\_\_\_

NOTES:

9/99

#### CAUTION

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as this office has sole responsibility for coverage determinations.



### **Citizen's Claim Procedure**

This procedure is to be followed for liability claims against all State agencies except health districts. This information should be provided to anyone involved in an incident or accident so they may properly file a tort claim should they elect to do so.

#### **CITIZEN'S CLAIM PROCEDURE**

TO ASSIST YOU IN FILING A CLAIM AGAINST THE STATE OF IDAHO OR ANY OF ITS EMPLOYEES OR AGENCIES, PLEASE BE ADVISED THAT YOU ARE REQUIRED TO SUBMIT NOTICE OF CLAIM. THE CLAIM MUST BE FILED WITHIN 180 DAYS FROM THE DATE THE CLAIM AROSE OR SHOULD HAVE BEEN REASONABLY DISCOVERED. THE CLAIM MUST BE SUBMITTED TO:

IDAHO SECRETARY OF STATE  
PO BOX 83720  
BOISE, ID 83720-0080

THE CLAIM MUST ACCURATELY DESCRIBE THE TIME, PLACE, CONDUCT AND CIRCUMSTANCES WHICH BROUGHT ABOUT THE INJURY OR DAMAGE. ATTACH REPAIR ESTIMATES, BIDS, OR OTHER DOCUMENTATION WHICH WILL AID IN PROCESSING YOUR CLAIM. YOUR NAME AND MAILING ADDRESS MUST BE INCLUDED AND BE LEGIBLE.

See Idaho Code Title 6 Chapter 9 if additional information is needed.

1995

STATE OF IDAHO

#### **CAUTION**

Do not use this synopsis to decide coverage. Refer all questions to Office of Insurance Management, as this office has sole responsibility for coverage determinations.



### **Citizen's Claim Procedure Against Health Districts**

This procedure is to be followed for liability claims against all State health districts. This information should be provided to anyone involved in an incident or accident so they may properly file a tort claim should they elect to do so.

#### **CITIZEN'S CLAIM PROCEDURE**

TO ASSIST YOU IN FILING A CLAIM AGAINST THE HEALTH DISTRICT OR ITS EMPLOYEES, PLEASE BE ADVISED THAT YOU ARE REQUIRED TO SUBMIT A NOTICE OF CLAIM. THE CLAIM MUST BE FILED WITHIN 180 DAYS FROM THE DATE THE CLAIM AROSE OR SHOULD HAVE BEEN REASONABLY DISCOVERED. THE CLAIM MUST BE SUBMITTED TO THE SECRETARY OF THE HEALTH DISTRICT INVOLVED. THE ADDRESSES OF THE HEALTH DISTRICTS ARE AS FOLLOWS:

Health District I 2195 Ironwood Ct Coeur d'Alene, ID 83814	Health District II 215 10th St Lewiston, ID 83501	Health District III 920 Main St Caldwell, ID 83605-3700	Health District IV 707 N Armstrong Pl Boise, ID 83704-0825
Health District V PO Box 547 Twin Falls, ID 83303-0547	Health District VI 465 Memorial Dr Pocatello, ID 83201	Health District VII 254 E Street Idaho Falls, ID 83402-3597	

THE CLAIM MUST ACCURATELY DESCRIBE THE TIME, PLACE, CONDUCT AND CIRCUMSTANCES WHICH BROUGHT ABOUT THE INJURY OR DAMAGE. YOU SHOULD ALSO ATTACH REPAIR ESTIMATES, BIDS, OR OTHER DOCUMENTATION WHICH WILL AID IN PROCESSING YOUR CLAIM.

See Idaho Code Title 6 Chapter 9 if additional information is needed.

1994—STATE OF IDAHO

#### **CAUTION**

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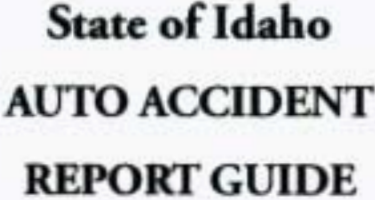






## RISK MANAGEMENT

### Auto Accident Report Guide, page 1

This form is to be filled out by the driver of a state vehicle involved in an accident, and sent to Risk Management.

H. WITNESSES	
Name _____	5. <b>Do not accept responsibility for the accident.</b> Do be courteous. If the other party feels that the State driver is responsible for the accident, provide him/her with a "Citizen's Claim Procedure" form (small green sheet).
Address _____	
Phone H. _____ W. _____	6. <b>Complete this form and send promptly to:</b> <i>Office of Insurance Management Dept. of Administration PO Box 83720 Boise, ID 83720-0079</i> A copy of this report should also be sent to your department's safety coordinator.
-----	
Name _____	7. <b>Obtain estimates of damage.</b> If the State vehicle is covered by auto physical damage insurance, please obtain two estimates of repair costs and forward to Risk Management. <b>Note:</b> <i>Do not delay sending this accident report -- send estimates separately.</i>
Address _____	
Phone H. _____ W. _____	  1. <b>Offer assistance to anyone injured</b> Do not move injured unless absolutely necessary. 2. <b>Notify the police.</b> 3. <b>Don't comment on accident.</b> Give information as requested by police and provide all other information and comment to State Risk Management. 4. <b>Fill out this form.</b> Complete as much as possible at the accident site.
-----	
<b>I. STATE VEHICLE DAMAGES</b>	
Vehicle ID No. _____	
Make and Model _____	
Year _____ License No. _____	
Estimate of Damages \$ _____	
List damaged parts _____	
-----	
If not drivable, move to a State lot or a secure location.	
Where can vehicle be seen? _____	
Supervisor's Signature: _____	
If accident involves serious injury or extensive property damage, contact the Office of Insurance Management immediately. Call 208/332-1860	

### CAUTION

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## RISK MANAGEMENT

### Auto Accident Report Guide, page 2

State driver's name _____	Which agency owns state vehicle? _____
SSN _____	Work address _____
Work phone _____	Phone no. _____
Agency contact (If not driver) _____	

#### A. DESCRIPTION OF ACCIDENT

Date \_\_\_\_\_ Time \_\_\_\_\_

Place \_\_\_\_\_

Describe what happened \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_


#### B. DIAGRAM ACCIDENT

Show where vehicles hit and where they stopped.



**A** **B** **C**

State vehicle Other vehicles

Show pedestrian and path as   
Use "X" to show point of impact

#### C. YOUR VEHICLE

Speed of your vehicle before accident: \_\_\_\_\_

Speed of other vehicle before accident: \_\_\_\_\_

Did either driver signal? \_\_\_\_\_

If so, describe \_\_\_\_\_

Please show any traffic controls on diagram.

Example:



Stop sign



Stop light



Yield sign



Road Striping

Weather \_\_\_\_\_

Visibility \_\_\_\_\_

Road Condition \_\_\_\_\_

#### D. OTHER VEHICLE

Owner \_\_\_\_\_

Address \_\_\_\_\_

Driver \_\_\_\_\_

Phone Number \_\_\_\_\_

Make & Year of Vehicle \_\_\_\_\_

License Plate No. \_\_\_\_\_

Damaged parts \_\_\_\_\_

Insurance Co. \_\_\_\_\_

#### E. OTHER PROPERTY DAMAGE

Owner \_\_\_\_\_

Address \_\_\_\_\_

Describe damage \_\_\_\_\_

#### F. INJURED

Name \_\_\_\_\_ Age \_\_\_\_\_

Address \_\_\_\_\_

Phone no. \_\_\_\_\_

Nature of Injury \_\_\_\_\_

This person was:

- ☐ In my vehicle
- ☐ In other vehicle
- ☐ Pedestrian

Name \_\_\_\_\_ Age \_\_\_\_\_

Address \_\_\_\_\_

Phone no. \_\_\_\_\_

Nature of Injury \_\_\_\_\_

This person was:

- ☐ In my vehicle
- ☐ In other vehicle
- ☐ Pedestrian

#### G. POLICE & COMMENTS

Officer's name \_\_\_\_\_

Which police force? \_\_\_\_\_

What citations were issued and to whom? \_\_\_\_\_

Who do you think was at fault? \_\_\_\_\_

Why? \_\_\_\_\_

#### CAUTION

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*RISK MANAGEMENT*

**STATE OF IDAHO**  
**NOTICE OF CLAIM**

TO: Secretary of State  
PO Box 83720  
Boise ID 83720-0080

In compliance with Title 6, Chapter 9, the undersigned hereby presents a claim against the State of Idaho for damages arising out of an occurrence which happened as follows:

1. Date and Time: \_\_\_\_\_

2. Place or Location: \_\_\_\_\_

3. Cause of damages: (Describe the details and circumstances of the accident or occurrence.)  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

4. Witness(es):  

<u>Name</u>	<u>Address</u>	<u>Phone Number</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____

5. Amount of claim: \$ \_\_\_\_\_ (Attach all bills or other substantiating information as to the amount of claim. At least 2 repair estimates are required.)

6. Personal Injury: (Please describe the extent of your injury, your attending physician, the place of emergency treatment, etc....) \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

7. Property damage: (Describe the property damage.) \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_,  
Name of Claimant \_\_\_\_\_  
Street Address \_\_\_\_\_  
City and State \_\_\_\_\_  
Phone Number \_\_\_\_\_

**CAUTION**

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## RISK MANAGEMENT

This form is to be filled out by state agencies for incidents **other than auto accidents**, which occur on state property, and sent to Risk Management.

### CONFIDENTIAL – PREPARED IN ANTICIPATION OF LITIGATION STATE OF IDAHO ACCIDENT/INCIDENT REPORT

Agency Name: \_\_\_\_\_ Phone: \_\_\_\_\_

Incident Location: \_\_\_\_\_

Date of Incident: \_\_\_\_\_

Name of Injured Party: \_\_\_\_\_

Address: \_\_\_\_\_

Phone: \_\_\_\_\_ Age (if known): \_\_\_\_\_

Witnesses:	Names	Addresses	Phone Nos.
------------	-------	-----------	------------


Describe the incident in detail, include the nature of the injury or damage, sketch of the scene and photos (use attachments if necessary):

Attachments: \_\_\_\_\_ Photos \_\_\_\_\_ Sketch of scene \_\_\_\_\_ Continued Narrative  
 \_\_\_\_\_ Witness Statements \_\_\_\_\_ Police Report \_\_\_\_\_ Other

**What were the conditions in the area?**

**Were there any defective conditions?** \_\_\_\_\_ Yes \_\_\_\_\_ No

If yes, describe:

**Could the accident have been prevented?** \_\_\_\_\_ Yes \_\_\_\_\_ No

If yes, explain:

**Are follow up procedures necessary?** \_\_\_\_\_ Yes \_\_\_\_\_ No

If yes, by whom:

**Report Prepared By:** \_\_\_\_\_ **Date of Report:** \_\_\_\_\_

Please forward original to Office of Insurance Management, Risk Management PO Box 83720, Boise ID 83720-0079, Phone: (208)-332-1860

#### CAUTION

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# V

# RISK TRANSFER

**CAUTION**

Do not use this synopsis to decide coverage. Refer all questions to Office of Insurance Management,  
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## **A. INTRODUCTION**

### **HOW DO YOU TRANSFER RISK?**

Agencies should seek to shift or transfer the risk of loss from themselves to another party whenever appropriate.

The success of the transfer will depend upon the relative bargaining positions of the parties, their ability in writing contracts, and the type of business being conducted.

Two ways to transfer risk in contractual situations are:

- An indemnification and hold harmless agreement in which one party assumes liabilities of the other
- Being named as Additional Insured on another's liability policy

Both measures are required when contracting on behalf of the State.

An indemnification and hold harmless agreement must always be included in a Request for Proposal or Request for Quote (if one is required) and the contract. This establishes the State's (agency's) right to be reimbursed by the contractor for any loss resulting from legal action.

The use of an indemnification and hold harmless agreement as an agreement by itself is no better than the other party's ability to respond. To adequately protect the interests of the State and the agency, the contractor must carry appropriate types and levels of insurance as recommended by Risk Management.

An agency is in a more favorable bargaining position when initiating a State contract to purchase goods or construct a building than when the contract is from the vendor for lease, rent or use of a building or equipment, etc.

Management considerations such as equipment needed on a time-critical basis or real estate to be eventually purchased may also be overriding reasons to accept risk that you might not normally consider.

## **B. CONTRACTS**

### **WHAT IS A CONTRACT?**

Black's Law Dictionary defines a contract as "an agreement between two or more persons, which creates an obligation to do or not to do a particular thing. Its essentials are competent parties, subject matter, a legal consideration, mutuality of agreement and mutuality of obligation." The document containing such an agreement is usually in writing, although a contract can be oral.

#### **CAUTION**

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## **CONTRACTS IN GENERAL**

**It is important to not take any contract for granted.  
Review it with your agency legal counsel for potential liabilities before it is signed.**

While much of any contract may appear to be standardized language or “boilerplate,” reading the entire contract while anticipating situations that could arise will assist you in identifying apparently innocent clauses which have the potential to create unacceptable exposures or liabilities for your agency.

In reviewing contracts, pay particular attention to clauses labeled “Insurance,” “Indemnity,” “Abatement of Rent,” or “Damages.” Also look at such clauses as “Maintenance,” “Repair,” or “Termination.” A clause requiring leased property to be returned in the same condition as received, excluding wear and tear could place you in the position of assuming, in effect, an all-risk exposure — perhaps without insurance to cover all potential risks.

When entering into a contract or agreement, the following measures will help protect the State and your agency against loss:

- Develop clear and appropriate insurance specifications describing the insurance to be provided by the other party.
- Inform the other party(ies) during the solicitation or negotiation process of the insurance requirements included in the contract.
- Review the completed insurance documentation submitted and promptly notify the other party if it is not complete. Note policy expiration dates and, if any expire during the contract term, notify the other party to renew the contract or insurance requirements.
- Retain the completed insurance forms with the contract file for at least five (5) years. Claims may develop years after the contract term and the certificate and endorsement forms may be the only evidence of coverage.
- Notify the contractor of potential claims immediately. Insist that the contractor put the insurance carrier “on notice” at once. Request a copy of the completed claim forms if there is any question whether or not it has been filed. Policies written on “claims made” forms impose strict claim reporting deadlines. Ensure that the insurer’s claims notification address is included on the documentation submitted and retained in the contract file.

## **TYPES OF CONTRACTS**

The majority of government contracts fall into the following broad categories:

- Purchase agreements
- Building leases
- Equipment and auto leases
- Construction contracts
- Service contracts

### **CAUTION**

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## **B. CONTRACTS (continued)**

- Maintenance contracts
- Bills of lading
- Sales contracts
- Railroad sidetrack agreements
- Warranties of goods and services

Although an agency may enter into a wide variety of contracts, the majority may be grouped into the following categories for insurance purposes:

### **Purchase/Term Supply Agreements or Contracts**

These contracts can incorporate a wide variety of measures to transfer liability to the seller. Generally, the agency should require sellers to assume all liability arising out of the product.

This assumption works both ways and should be examined when entering a purchase agreement either as a buyer or seller. Laws in many states have found the assumption of the “sole” negligence of another contrary to public policy and thus is not appropriate in contract wording.

### **Lease of Property or Equipment Agreements**

The provisions of lease agreements for the lease/rental of buildings/space, or for the rental, lease or lease purchase of equipment are not standardized. While there are printed lease forms in some localities, their terms or conditions usually differ from each other.

Printed lease forms are usually issued by real estate organizations and represent the best interests of the property owner. If you are the tenant, read the document carefully. Wording of many “standard agreements” can be altered.

Identify and negotiate inappropriate or one-sided provisions. Coordinate all changes with your leasing agent and your deputy attorney general.

When leasing valuable property or equipment, review what responsibility the owner (lessor) is asking you to assume. If you assume liability for all damage, you may assume risk exposures not covered by the State’s property coverage policy.

Points to review include:

#### **Property Leases**

- *Damage* - Who is responsible for any damage? If silent or not stated, it is the owner. If the tenant must return the property in the same condition it was received, it may be the tenant.

#### **CAUTION**

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## B. CONTRACTS (continued)

- *Fire Insurance* - Either party may purchase fire insurance, but the lease should be clear as to who has the responsibility. Some insurance companies will not issue the policy to the tenant, as it is contrary to their “insurable interest” position. When leasing a building, it is best to have both parties provide their respective insurance: the owner for building coverage, the tenant for property insurance on the contents.
- *Valuation* - The term “full insurable value” in a contract is ambiguous. It could mean “replacement cost” or “actual cash value.” The type of valuation is important as it will be used in settling losses that may occur. Ask that the term be specifically defined in the contract.
- *Property Leases* - Leases should address whether the owner or the tenant is to insure tenant’s improvements. The contract should also say who the improvements belong to when the lease expires. The amount insured should include a listing of all values.
- *Liability* - Specify in the contract who is liable for areas common to more than one tenant.
- *Subrogation* - When a loss is paid by an insurance carrier, they have the right to subrogation against the person who caused the loss. For example, if the owner carries insurance and the tenant causes a fire, the insurer will pay the owner and then may start proceedings to recoup the costs from the tenant.  
To prevent this from occurring, request a “waiver of subrogation” be attached by endorsement to both the owner’s and tenant’s policies. While a waiver of subrogation for leased equipment on Inland Marine policies may not be allowed, such a waiver may be negotiated into the contract itself.
- *Tenant’s Improvements* - Contracts should stipulate whether the owner or tenant insures tenant’s improvements, as well as the nature of valuation.

### Equipment Leases

- If leasing equipment with an operator, avoid assuming liability for faulty operation of the equipment. If equipment is being leased without an operator, avoid assuming liability for “all claims arising out of use of leased equipment.” You may be assuming liability for both faulty equipment and product liability, which are appropriate liabilities of the owner/lessor.

### Construction Agreements

Hiring a contractor can expose you to liability and the possibility of litigation due to the contractor’s negligence. The liability may arise out of common law or from statutes holding you (the owner) responsible for safety precautions, or lack of them, employing competent contractors or inspecting the work.

Your solicitation documents should specifically detail insurance and indemnity and hold harmless provisions required of the contractor. Consult your legal counsel first, then Risk Management if you have any questions.

#### CAUTION

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## B. CONTRACTS (continued)

### Service Contracts

Agencies often enter into service contracts when a particular service is critical to agency responsibilities or operations and when they do not have the staff or expertise to perform the service internally. Many service contracts are performed off-site. Often, they may have the following types of loss exposures:

- **Automobile:** Vehicles may be used to provide a service. Negligent operation of a vehicle could cause injury to a third party.
- **Premises:** The contractor's premises are used to provide the service. A client of the State could become injured on the premise of a service provider.
- **Professional Liability:** The contractor may deliver the work product or deliver the service negligently or with errors or omissions which cause harm to the State
- **Workers' Compensation:** Employees of the contractor may become injured.

You should analyze the service(s) provided by the contractor and evaluate the exposure to financial loss that could affect your agency. Generally, we suggest that you ask for a hold-harmless and indemnity agreement and evidence that the contractor is self-insured or has purchased commercial insurance. Depending on the nature of the service(s) provided, you may decide to ask the contractor to buy general liability insurance. We also recommend that you request evidence that the contractor is complying with State Workers' Compensation laws.

## C. CONTRACTORS

### 1. COMMERCIAL GENERAL LIABILITY

#### WHY SHOULD THE STATE OF IDAHO ASK A CONTRACTOR FOR INSURANCE COVERAGE?

- To provide broad protection to the State for a contractor's actions while performing the contract or when entering onto State property.
- To protect the contractor when someone blames him for something that went wrong or that didn't get done.
- To protect the State when blamed for something that the contractor did.
- To provide coverage to the State for acts of the contractor or his employees while performing the contract by including contractual liability.
- To protect the contractor from errors in the product or negligence after the job is finished by including products/completed operations coverage.
- To provide pollution liability coverage with an endorsement.

#### WHEN SHOULD THE STATE REQUIRE GENERAL LIABILITY COVERAGE?

- When the contractor will be entering onto the State's property or onto property where the State could be held responsible for damage or bodily injury caused by the contractor.
- When the contractor's activities allow for the possibility for negligent or wrongful acts to occur.
- When it is possible that the contractor could cause harm to someone or something.
- When the contractor may have access to confidential information.

#### CAUTION

Do not use this synopsis to decide coverage. Refer all questions to Office of Insurance Management, as this office has sole responsibility for coverage determinations.



## **HOW MUCH GENERAL LIABILITY SHOULD THE STATE OF IDAHO REQUIRE?**

- Enough to cover the maximum amount of damage or bodily injury that the contractor could cause if something goes wrong.
- Enough to cover the worst thing that could happen.
- Enough to cover your agency's continuing operations should a loss occur.
- We recommend a minimum of \$500,000 coverage for most loss exposures. Some high-risk or unusual exposures may require higher limits. Please contact your agency's legal counsel or, if necessary, Risk Management.

## **SHOULD THE STATE BE NAMED AS AN ADDITIONAL INSURED?**

- Yes. Because a General Liability policy only covers or insures the acts of the persons named in the declaration page, the State must be named.
- Yes. If the State is named as an additional insured, we will be defended for any claims against the State which arise because of the contractor's activities while performing the contract.
- Remember, however, that being an additional insured will not protect the State for its own negligent acts.

## **2. AUTOMOBILE LIABILITY**

### **WHY SHOULD THE STATE ASK A CONTRACTOR FOR INSURANCE COVERAGE?**

- It provides protection to the State for a contractor's actions if the work to be performed under the contract involves the use of a vehicle or equipment on public roads as well as parking, unloading and using vehicles on the work site.
- It protects the State when brought into a claim or suit for an automobile accident that happened while the contractor was performing the duties of the contract.
- The contractor's policy can be endorsed to include non-owned vehicles and mobile equipment.

### **WHEN SHOULD THE STATE REQUIRE AUTOMOBILE LIABILITY COVERAGE?**

- When the scope of the contract requires the contractor to drive.

### **HOW MUCH AUTOMOBILE LIABILITY COVERAGE SHOULD THE STATE REQUIRE?**

- Generally, at least \$500,000 should be required. Depending on the scope of the contract, this amount could be increased if the risk of an accident is increased.

### **SHOULD THE STATE OF IDAHO BE NAMED AS AN ADDITIONAL INSURED?**

- Yes. An Automobile Liability policy only covers or insures the acts of the persons named in the declaration page.
- Yes. If the State is named as an additional insured, we will be defended for any claims against the State which arise because of the contractor's activities in a vehicle while performing the duties in the contract.
- Remember, however, that being an additional insured will not protect the State for its own negligent acts.

#### **CAUTION**

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## **C. CONTRACTORS (continued)**

### **3. BUILDER'S RISK COVERAGE**

#### **WHY SHOULD THE STATE ASK A CONTRACTOR FOR INSURANCE COVERAGE?**

- To provide broad protection to the State for direct damage on buildings or structures while they are under construction.
- To provide the State with coverage for foundations, fixtures, machinery and equipment used to service the building and materials and supplies used in the course of construction. However, these items must be located within 100 feet of the building. Builder's Risk does not cover damage to personal property left in the building while it is under construction, unless reasonable steps were taken to protect it, i.e. plastic coverings, partitions, etc.

#### **WHEN SHOULD THE STATE OF IDAHO REQUIRE BUILDER'S RISK COVERAGE?**

- Whenever the State hires a contractor to build a new building, or substantially change the structure of an existing building.
- However, Builder's Risk is not necessary when paving, painting, or doing maintenance repairs to a building.

#### **HOW MUCH BUILDER'S RISK SHOULD THE STATE OF IDAHO REQUIRE?**

- When building a new structure, coverage should be for the full value of the building after construction is completed.
- When altering an existing structure, coverage should be for the replacement cost of the alterations or additions.

#### **SHOULD THE STATE OF IDAHO BE NAMED AN ADDITIONAL INSURED?**

- Yes. A Builder's Risk policy pays for property damage caused by the person or entity named on the declaration pages, no matter who owns the property.
- Yes. The owner of property should be named as an additional "Loss Payee" under the Builder's Risk policy. This means that the insurance company will make any payments for claims in the name of the contractor and the "Loss Payee" or owner.

### **4. PROFESSIONAL LIABILITY**

#### **WHY SHOULD THE STATE OF IDAHO ASK A CONTRACTOR FOR INSURANCE COVERAGE?**

- To protect the State from damages caused by his/her acts, errors or omissions when performing the duties described in the contract. "Professional Liability" is a term that has replaced the use of "malpractice insurance" and "errors & omissions" insurance to describe the coverage of specialists in various professional fields
- To protect the State from claims arising out of an error or omission (malpractice) by a contractor who is either a doctor, attorney, CPA, architect, engineer, etc.

#### **WHEN SHOULD THE STATE REQUIRE PROFESSIONAL LIABILITY COVERAGE?**

- When a professional (such as an attorney, doctor, engineer, etc.) is contracted to perform duties on behalf of the State.

#### **CAUTION**

Do not use this synopsis to decide coverage. Refer all questions to Office of Insurance Management, as this office has sole responsibility for coverage determinations.





**C. CONTRACTORS (continued)**

**HOW MUCH PROFESSIONAL LIABILITY SHOULD THE STATE REQUIRE?**

- Generally, the minimum amount would be \$500,000. See the endorsement for more information.
- You must determine the maximum amount of damage or bodily injury that the contractor could cause if an error or omission occurs while performing the duties of the contract.
- You must consider the worst thing that could happen.
- You must consider the impact on your agency's operations if the contractor does make an error or an omission.

**SHOULD THE STATE OF IDAHO BE NAMED AN ADDITIONAL INSURED?**

- No. A Professional Liability policy covers the "Professionals" and only their acts. We cannot be named as an "Additional Insured" under this type of policy.

**CAUTION**

Do not use this synopsis to decide coverage. Refer all questions to Office of Insurance Management,  
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# VI

# SAFETY AND LOSS CONTROL

**CAUTION**

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## **A. INTRODUCTION**

A major responsibility of the Office of Insurance Management, Risk Management is to overview the risk management process for the State of Idaho. The function of risk management is to identify risks, and then control the risks through the most appropriate means. Normally, the six steps used to accomplish that task are:

- Identify the risk
- Evaluate the risk
- Select risk controls
- Implement risk controls
- Monitor risk controls
- Make necessary changes

---

**Risk control includes  
risk avoidance,  
transfer, retention, and  
loss control.**

---

## **B. COMMITMENT**

The Loss Control Unit of the Office of Insurance Management, Risk Management is committed to:

- Designing and developing safety and loss control programs which can be used on a statewide basis.
- Helping develop strategies and standards to assist agencies with their safety and loss control programs.
- Assisting State agencies with the development or refinement of their safety and loss control programs, whenever needed or requested.
- Reviewing statewide and individual agency trends in losses and exposures and make appropriate loss control recommendations.

## **C. COMMON TERMS - See Glossary**

Accident  
Hazard  
Incident  
Loss  
Loss Control  
Near Miss  
Risk  
Safety  
Safety and Loss Control Program  
Tort Claim

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## D. KEY SAFETY AND LOSS CONTROL FOCAL AREAS

### **Public Safety/General Liability Exposures**

Risk Management assists State agencies in evaluating and controlling their loss exposures in such areas as premises/building hazards, emergency evacuation programs, agency services or product risks, employment law issues, and environmental damage concerns.

### **Employee Safety (Workers' Compensation)**

The Idaho State Insurance Fund provides workers' compensation insurance for all State agencies. The SIF's risk management consultants provide workers' compensation risk analyses as well as loss prevention and training services for State agencies.

Risk Management works with the SIF risk management personnel in areas where the two programs occasionally overlap, such as automobile accidents involving State employees and the public (third parties).

### **Automobile Fleet Safety**

Driver selection (where applicable), vehicle inspections, vehicle maintenance and defensive driving courses.

### **Property Loss Exposures**

Division of Building Safety facility inspections, agency workplace/building self-inspections and the State's boiler & machinery inspection program.

### **Agency Pre-Loss Evaluations**

Assisting State agencies in evaluating their individual loss exposures and making loss control recommendations for loss reduction or loss prevention purposes, where needed or requested.

### **Agency Post-Loss Reviews**

Evaluation and follow up with State agencies relative to their loss trend analysis for their loss control information. The major loss categories are property, automobile (auto physical damage and auto liability), and general liability.

## E. STATEWIDE SAFETY AND LOSS CONTROL PROGRAM MODEL (8/01 EDITION)

Risk Management recommends the use of this model as a tool and/or guide for developing or refining an agency's safety and loss control program.

Each agency's director/administrator and safety coordinator have previously been furnished a complete copy of this model. Additionally, this model is available on the internet at [www.state.id.us/adm/insurance/risk/islcpm.pdf](http://www.state.id.us/adm/insurance/risk/islcpm.pdf). We would ask you to refer to the model for further information and reference.

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# VII

# RISK MANAGEMENT ADVISOR

## CAUTION

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# Risk Management Advisor

*"Providing Effective  
Risk Management Services and  
Resources for Idaho Citizens"*

Office of Insurance Management, Idaho Department of Administration  
Spring 2001

Vol. II, No. 9

## *Do You Need a Workplace Violence Prevention Plan?*

Ron Evans, Security Manager, State of Idaho

### Guest Columns

"Do You Need a Workplace Violence Prevention Plan?"  
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page 4

The phrase *workplace violence* often conjures images of rampage shootings by disgruntled former postal employees. Acts of workplace violence such as these, though largely reported by the media, represent only a small number of the overall acts of workplace violence that occur every day. According to a May, 1995 study by Workplace Violence Research Institute, "an estimated 16,400 threats are made, 723 workers are attacked, and 43,800 are harassed" every workday. (Workplace Violence: An Employer's Guide)

Other factors are more often involved in workplace violence than guns. Domestic violence, harassment, and health care-oriented work, are just a few of these factors. The Workplace Violence Research Institute has defined workplace violence as: "Any act against an employee that creates a hostile work environment and negatively affects the employee, either physically or psychologically." (Workplace Violence: An Employer's Guide)

- Domestic violence often creeps into the workplace in

the form of threatening phone calls or vicious assaults at the victim's workplace.

- Harassment, ranging from verbal to sexual, is usually committed by a co-worker and results in added stress, depression, and decreased productivity for the one being harassed.
- In California, concern for the safety of health care

workers prompted a 1993 law for hospitals, emergency rooms, and home health services to increase the use of security guards and to increase security training for employees.

The potential impact of violent events on lives is disturbing. In addition, the liability climate must also be considered. Juries have made substantial awards in cases

where they perceived that an employer failed to provide adequate security or was negligent in its hiring practices.

### Prevention vs. Reaction

Even if we are fortunate enough not to have directly experienced violence, we know it exists in our society. Most of us have witnessed road rage and similar aggressive acts, and know the potential is there in other areas of our lives. It is crucial to

Continued on page 3

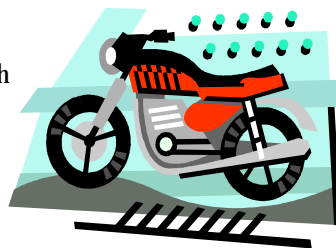
### *Common Risk Factors in the Workplace*

- Lack of physical security
- Poor employment practices
- Aggressive or violent workplace environment
- Domestic dispute issues
- Drug or alcohol abuse by employees
- Availability of handguns in the workplace
- Poor mental or physical health of employees
- Management/labor conflicts

## Motorcycle Awareness

*Excerpts from Evergreen Safety Council  
"Safety Solutions" December, 2000*

Spring is rapidly approaching, which means more motorcycles are on the road. Drivers don't often see these smaller vehicles because they're not looking for them. Typically drivers are looking for cars or trucks in their field of vision and not concentrating on the possibility of encountering a motorcycle.



Most motorcycle crashes are caused by car drivers, *not* motorcyclists. These accidents most often occur when a car is making a left turn in front of a motorcycle rider or when a driver fails to check a blind spot before changing lanes. And motorcycle accidents are increasing. In 1999 there were 2,537 fatal crashes, compared with 2,284 in 1998, an 11% increase.

Remember when driving that there can be other vehicles of lesser size and visibility than cars and trucks. Motorists need to make motorcycles a part of their mental checklist. To help you become a safer, more aware driver, attend a Defensive Driving Course. (See page 4 for more details.)

# Managing Employment Dispute Issues

Dave Sasser, Attorney at Law, Idaho Counties Risk Management Program

*"...employment is at the will of either party and may be terminated by the employer or employee at any time for any reason..."*

**There are several laws managers may overlook when disciplining an employee. See the next issue of RM Advisor to find out what these laws are and how to avoid liability under those laws.**

Although Idaho follows what is known as the employment-at-will doctrine, which states that unless an employee is hired pursuant to a contract that specifies the duration of employment or limits the reasons for which an employee may be discharged, the employment is at the will of either party and may be terminated by the employer or employee at any time for any reason, without incurring liability. Many public employers have been named as defendants in employment litigation by former employees which have included claims of wrongful discharge, breach of contract, tortious interference with contract or business relationships, defamation, and numerous state and/or federal statutory claims, such as Title VII claims pursuant to the Civil Rights Act of 1964 or claims based upon the Idaho Commission on Human Rights Act as set forth within Idaho Code Sections 67-5901 et seq.

The following information is intended to highlight some of the problematic issues that have been encountered by defense counsel who have been involved in the defense of public employment cases. There is no representation that this brief article is all-inclusive. This being said, the following constitute some of the practical problems that have recently been encountered by defense counsel in handling these personnel cases:

1. Management/Supervisory Personnel frequently initiate and proceed with personnel actions without consulting with counsel and, in doing so, often fail to recognize that public employees do enjoy various forms of protection from adverse personnel actions.

2. In the absence of counsel for the agency, a supervisor/manager independent of the supervisor/manager proposing the disciplinary action should review the investigatory file and make sure that **facts** exist that support the proposed personnel action, and that the action is not based on suspicions, inferences or emotional statements that may prove problematic later. Such factual information would normally include the employee's prior personnel records, performance records, evaluations, warnings and/or discipline records.

3. All of the information available indicates that the employer has failed to follow and/or has been inconsistent with regard to the application of policies and procedures and personnel rules applicable within the entity.

4. All information available indicates that the employer has failed to properly conduct regular and honest (non sugar-coated) evaluations.

5. All information presently available indicates that the personnel action currently pending is based upon personal conflicts, rather than deficiencies in performance.

6. The failure of public employers to recognize that personnel cases are generally judged by jurors who are also employees and who generally demand that employers produce evidence that the employer has:

- Clearly informed the employee of the standards of behavior and performance expected of him or her.
- Proven that the employee was given adequate assistance and direction to make it possible for him or her to succeed in their position.
- Proven that the employee had notice of and a reasonable time and a fair opportunity to improve any deficiencies.
- Proven that the inadequate performance or misconduct is sufficiently serious to warrant the disciplinary action which the employer proposes.
- Proven that the employee has been given fair warning of the consequences of continued poor performance or misbehavior.

7. The failure of a public employer to adopt a progressive-discipline plan and the tendency of some employers to think only in terms of termination or ignoring the employee's misconduct or inadequate performance spells out trouble for such employers.

Simply stated, although Idaho is an employment-at-will jurisdiction, Idaho jurors value public employment and expect public employers to take reasonable steps to make it possible for public employees to succeed in their employment.

## For Questions About Employment Disputes...

*Civil Litigation Division of the Attorney General's Office*



[www2.state.id.us/ag](http://www2.state.id.us/ag)

208/334-2400

Dave High, Division Chief  
Ron Christian, Deputy AG  
Dave Lloyd, Deputy AG

## New Faces at OIM

*The Office of Insurance Management welcomes two new staff members.*



**Kit Coffin**

Kit Coffin joined the Office of Insurance Management as Risk Management Operations Supervisor on January 8, 2001. A graduate of Indiana University, Kit began her insurance career as an adjuster for Wausau Insurance. She has a varied background in the brokerage side

of the insurance business, with an emphasis on client services. Kit comes to us from the Atlanta, Georgia office of Aon Risk Services.

**Carol Pettibon**



Carol has been with the Office of Insurance Management since January, 2000. She is a licensed, independent adjuster with 28 years of experience as a multi-line property and casualty adjuster. She holds a BS in education from Southwest Missouri State University and an AIC designation from the Insurance Institute of America. She's lived in most states west of the Mississippi but likes Idaho the best.

"Workplace Violence" Continued from page 1

focus on *preventing* violent acts from occurring in the workplace rather than *reacting* to them once they have already taken place.

### **Workplace Violence Prevention Plan**

A Workplace Violence Prevention Plan is one important tool in preventing or mitigating the risk at work. Two important parts of such a plan are increasing physical security and developing a crisis management plan.

The development of a Workplace Violence Prevention Plan is similar in some ways to planning for natural disasters. A recommendation is that physical and personnel resources should be surveyed and evaluated. The security of the physical space should be thoroughly reviewed. A survey of personnel could be conducted to determine who has special skills that might help prevent violence. Are there any former police officers or others who have training? Has anyone on staff received Crisis Intervention Training? These are the most obvious employees with skills, but there may be others, simply because they have a calming personality or inherent ability to reason with situations and people before a critical situation becomes a crisis.

Once these employees have been identified and agree to participate, bring them together into a team. The State Security Manager's office is available to work with state agencies and train employees in areas such as:

*Crisis Development, Violence Response Procedures, Recognizing the Warning Signs of Violence, Assessing Risks, Management of a Complaint, Preparations for Administrative Investigations, Security Planning and Law Enforcement Assistance*

If you are still not convinced that a workplace violence prevention program is needed at your workplace, consider the following. The absolute worst thing that any manager can do is "nothing." Doing nothing at all sends a very strong message to employees, it will affect morale, self-esteem and productivity. I urge you, as managers, to take all of your employee expressed concerns seriously. Whether you agree with the concern or not, isn't the issue. If someone feels uncomfortable enough about a situation or event to express it to their supervisor, it is very real to him or her.

A study by the American Management Association found that...

50% of the companies surveyed reported experiencing incidents or *threats of workplace violence* in the last four years.

30% had experienced violence *more than once*  
25% reported that the incident was by a *current employee*

9% reported the problem was caused by a *former employee*

42% of companies that experienced an incident *began training programs* compared to 18% of companies that experienced no incidents

25% reported that the victim *ignored the warning signs*

Workplace Violence Research Institute  
"Workplace Violence: An Employer's Guide"

## Check out our new website!

*The Department of Administration's website got a new face this winter. We hope the new site will make it easier for people to find the information they're looking for.*

[www2.state.id.us/adm/insurance](http://www2.state.id.us/adm/insurance)

Find out all about us and the services we provide to the State of Idaho. Check out the Risk Management Handbook, Statewide Safety and Loss Control Model, and the latest issue of the Risk Management Advisor! Or e-mail us with questions (RM@adm.state.id.us). We'd love to hear from you!



## For Questions About Any of These Articles

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Claims Adjudicator*

*Ray Heidt,  
Claims Adjudicator*

*Joan Compton,  
Insurance Analyst*

# Schedule a Defensive Driving Course!

*Prevent injuries to employees and the public and avoid costly auto damage repairs.*

## Here's how...

- 1. You** must have a minimum of 15 students. If your agency doesn't have enough people to meet this requirement, you can join with another agency's class. Maximum class size is 35 students.
- 2. Cost** per class is \$600 for Boise area, \$750 outside Boise. The cost is prorated (by NTSI) to each agency participating in the class.
- 3. To schedule** a class for your employees, contact NTSI (National Traffic Safety Institute) at 800-776-6874 or [www.ntsionline.com](http://www.ntsionline.com).

## Benefits

- **Increased safety and awareness** by your drivers
- **\$20 liability premium credit** for each qualified driver, every other year
- **Depending on class size**, the liability premium credit may cover all or part of the cost of the class.



**State of Idaho,  
Dept. of Administration,  
Office of Insurance Management  
650 W State St.  
P.O. Box 83720  
Boise, ID 83720-0079**



## Risk Management Advisor - Past Issues

[Risk Management Advisor - Winter, 2000 issue](#)

[Risk Management Advisor - Summer, 2000 issue](#)

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# VIII

# RISK MANAGEMENT GLOSSARY

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## RISK MANAGEMENT

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<b>ACCIDENT</b>	Unplanned injurious or damaging event which interrupts the normal progress of an activity. An accident may be seen as resulting from a failure to identify a hazard or from some inadequacy in an existing system of hazard controls.
<b>ACT of GOD</b>	Accident or peril generally interpreted as being beyond human control (lightning, flood, tornado, earthquake and other natural events). The phrase “act of God” doesn’t excuse not taking proper precautions to prevent accidents.
<b>ACTUAL CASH VALUE</b>	The cost to repair or replace the damaged property with materials of like kind and quality, less a deduction for depreciation or betterment of the damaged property.
<b>ADDITIONAL INSURED</b>	Entity other than a named insured who is protected under the terms of an insurance policy. Usually, additional insureds are added by endorsement or referred to in the wording of the definition of “insured” in the policy itself.
<b>ADDITIONAL INTEREST</b>	Interest of an additional insured.
<b>ADVERTISING INJURY</b>	General liability coverage that insures the following offenses in connection with the insured’s advertising of its goods or services: libel, slander, invasion of privacy, copyright infringement, and misappropriation of advertising ideas.
<b>ALL-RISK INSURANCE</b>	Insurance against loss of, or damage to, property arising from any peril except those that are specifically excluded.
<b>AUTOMOBILE LIABILITY INSURANCE</b>	Generic term for liability insurance designed to cover a variety of an insured’s automobile liability exposures for bodily injury and property damage.
<b>BODILY INJURY</b>	Injury to the body of a person. The term is usually specifically defined in both liability and health insurance policies, and there are variations in individual definitions. Compare with “personal injury.”
<b>BOND</b>	Three-party contract guaranteeing that if one person ( <i>the principal obligor</i> ) fails to perform as specified or proves to be dishonest, the person to whom the duty is owed ( <i>the obligee</i> ) will be financially protected by the issuer of the bond, the surety.
<b><i>Employee Bond/ Crime Insurance</i></b>	An insurance policy providing broad coverage, in various amounts selected by the insured, against employee dishonesty, disappearance or destruction of money and securities, and depositors’ forgery, together with a great number of additional optional crime coverages.

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## RISK MANAGEMENT

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### ***Surety Bond***

Bond guaranteeing that a principal will carry out the contractual obligations the principal has agreed to perform, or alternatively, to compensate the other parties to the contract for losses resulting from the principal's failure to perform. Under many surety bonds, the principal is a contractor, a person seeking a license or permit, or someone involved in a lawsuit in litigation.

### **BROKER**

Individual or organization representing an insured in soliciting, negotiating or buying coverage, and rendering services incidental to these functions. By law, a broker also may be an agent of the insurer for certain purposes, such as delivery of a policy or collection of premium.

### **BUSINESS INTERRUPTION**

Temporary shutdown of an organization's activities due to physical damage to its property or others' property. Business interruption insurance generally provides reimbursement for salaries, taxes, rents and other necessary continuing expenses during this shutdown, plus loss of net profits which would have been earned during the period of interruption, within the limits of the policy.

### ***Business Interruption Value***

Amount of business interruption insurance necessary in order to provide for payment in full of any reasonably foreseeable business interruption loss.

### ***Contingent Business Interruption***

Temporary shutdown of an organization because of damage to another organization which is a major supplier or customer. For instance, if an organization sells all of its products to one customer, and that customer suffers a fire which prevents it from using these products, then the supplier has suffered a contingent business interruption loss.

### **CARE, CUSTODY or CONTROL (CCC)**

A frequent liability insurance exclusion denying coverage of the insured's liability for damage to others' property while in the insured's care, custody or control.

### **CERTIFICATE of INSURANCE**

1. A document which verifies that a policy has been written and states the nature of the coverage in general terms. Such a certificate is often used as proof of insurance in loan transactions and for other legal requirements.
2. Summary statement of the coverage and general provisions of a master contract in group insurance for the information of individuals in the group.

### **CHARTER**

To rent or lease an aircraft.

### **CHATTEL PROPERTY**

An article of personal property, as distinguished from real property. A thing personal and movable. It may refer to animate as well as inanimate property.

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## RISK MANAGEMENT

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<b>CLAIMS-MADE INSURANCE</b>	Liability insurance which covers claims brought against the insured during the policy period and are reported during the policy period, regardless of when the injury or harm giving rise to these claims occurred.
<b>COMBINED SINGLE LIMIT (CSL)</b>	Single limit of protection for both bodily injury and/or property damage, contrasted with split limits, where specific limits apply to bodily injury and property damage separately.
<b>COMPREHENSIVE GENERAL LIABILITY INSURANCE (CGL)</b>	Generic terms for liability insurance designed to cover an Insured's liability for bodily injury and property damage. Exposures which can be covered include those arising out of its premises, operations, products, completed operations and certain contracts.
<b>CONSEQUENTIAL LOSS</b>	A loss that arises as a result of direct damage to property, e.g., loss of rent following a fire.
<b>CONSUMABLE PROPERTY</b>	Something "as food or fuel" that is consumable, able to be depleted.
<b>CONTINGENT LIABILITY</b>	Liability imposed upon one party because of accidents caused by persons (other than employees) for whose acts the first party is legally responsible.
<b>CROSS LIABILITY</b>	When two or more insureds are covered under the same liability insurance policy, the liability of one insured for harming other(s). The cross liability clause in such a policy obligates an insurer to protect each insured separately.
<b>DAMAGES</b>	Monetary compensation or indemnity, which may be recovered by an individual or entity who has suffered loss.
<i>Compensatory/ Special Damages</i>	Compensation for a plaintiff's documented out-of-pocket expenses which result from injury or damage; for example, loss of earnings or medical expenses.
<i>General Damages</i>	Compensation paid for harm for which no specific evidence of financial loss is required because such harm — for example, pain and suffering — is presumed to have occurred from the nature of the event.
<i>Liquidated Damages</i>	Specific sum of money which has been expressly stipulated by the parties to a contract as the amount of compensation to be recovered by any party for a breach of the agreement by the other(s).

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## RISK MANAGEMENT

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<b><i>Physical Damages</i></b>	(1) A generic term indicating actual damage to property; (2) a term indicating damage from such perils as collision, comprehensive, fire and theft or any damage to the vehicle itself.
<b><i>Property Damages</i></b>	Physical injury to tangible property including resulting loss of use and loss of use of tangible property that has not been physically injured.
<b><i>Punitive Damages</i></b>	Amount of money awarded by a court to “punish” the defendant for acts of gross negligence or outrageous conduct, normally intentional, irrespective of the amount of actual or compensatory damages.

<b>DEDUCTIBLE</b>	A portion of a covered loss that is absorbed by the insured and not paid by the insurer.
<b>DIRECTORS and OFFICERS LIABILITY INSURANCE (D&amp;O)</b>	Insurance designed to protect directors and officers from liability claims arising out of alleged errors in judgment, breaches of duty and other wrongful acts related to their organizational activities.
<b>ERRORS and OMISSIONS INSURANCE (E&amp;O)</b>	An insurance form that protects the insured against liability for committing an error or omission in performance of professional duties. Generally, such policies are designed to cover financial losses rather than liability for bodily injury and property damage.
<b>EXCESS INSURANCE</b>	Insurance policy designed to provide coverage over one or more similar primary coverages, and which does not pay until the primary insurer has paid its limit for a particular loss.
<b>EXCLUSION</b>	Insurance policy provision limiting the scope of coverage.
<b>EXPLOSION, COLLAPSE and UNDERGROUND EXCLUSION (XCU)</b>	Exclusion often (but not always) inserted into general liability insurance for a firm engaged in blasting, excavating, grading of land, pile driving and similar pursuits that excludes coverage of liability for property damage arising from explosion, collapse, and damage to underground property (such as foundations, pipes, and the like). This exclusion is designed to encourage insureds facing these special exposures to purchase separate coverage.
<b>EXPEDITING EXPENSE COVERAGE</b>	Coverage under a property or boiler and machinery policy for expenses of temporary repairs and costs incurred to speed up the permanent repair or replacement of covered property or equipment.
<b>EXTRA EXPENSE COVERAGE</b>	Coverage for expenses in excess of normal operating expenses that are incurred to continue operations after a direct damage loss.

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## RISK MANAGEMENT

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<b>FIRE LEGAL LIABILITY INSURANCE</b>	Insurance against liability incurred because the insured's negligence results in fire damage to others' property in the insured's care, custody or control.
<b>FIRST AID</b>	"Emergency care or treatment given to an ill or injured person before regular professional medical aid can be obtained." (Webster's dictionary.) Risk Management maintains a supplementary retained risk provision which permits a one-time payment for immediate first-aid treatment at the time of the accident to persons other than State employees injured on property owned, maintained or controlled by the State. The first-aid expense coverage applies whether or not the State is liable for the injury sustained. Risk Management will pay, without obligation, for costs which may be incurred for emergency care provided to an injured party. Generally, such care is provided at the accident site. First-aid may be provided by paramedics or other emergency personnel called to the scene or it may be as simple as an employee applying a band aid or compress. "First-aid" does not include professional medical diagnosis or treatment at a health care facility or immediate/emergency care facility.
<b>FIRST-PARTY INSURANCE</b>	Insurance which provides coverage for the insured's own property or person.
<b>HAZARD</b>	An unsafe practice, procedure, or condition that, if left uncontrolled, may contribute to an accident.
<b>HOLD HARMLESS AGREEMENT</b>	Contract provision under which the potential legal liability of one party for damages payable because of a future loss is assumed by another party to the contract. For example, the State may demand hold harmless agreements from all contractors for claims which may be made against the State because of the contractors' negligence.
<b>HOST LIABILITY</b>	Liability of a host for serving liquor (without charge) to persons already clearly intoxicated and who, while intoxicated, cause bodily injury or property damage to others. Comparable to "dram shop law," applicable to those who sell liquor.
<b>IDAHO TORT CLAIMS ACT</b>	See <i>Idaho Code Sections 6-901, et seq</i> for complete text.
<b>INCIDENT</b>	An accident that has not yet resulted in a claim being filed.
<b>INDEMNITY AGREEMENT</b>	Establishes the right of one party to be compensated by another party for some or all of the damages resulting from liability arising from the contract situation. The indemnification agreement allocates the risk and responsibilities between parties to the contract and clarifies who will be responsible for loss.

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## RISK MANAGEMENT

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<b>INSURANCE</b>	Contractual relationship which exists when the insurer, for a premium, agrees to reimburse another for loss by specific risks caused by hazards or perils.
<b>INSURED</b>	Party to an insurance contract to whom the insurer agrees to indemnify losses, provide benefits, or render services. Although this term is preferred to use of policyholder, policy owner and assured, these other terms may have special meanings defined in particular insurance policies.
<i>Named Insured</i>	Person, corporation, other entity, or any member thereof, specifically designated by name as the insured(s) in a policy.
<b>INSURER</b>	Party to an insurance contract who promises to pay losses or render service.
<b>INVENTORY SHORTAGE</b>	Shortage found upon taking physical inventory.
<b>LIABILITY</b>	Any legally enforceable obligation. Within the context of insurance, liability is the obligation to pay a monetary award for injury or damage caused by one's negligent or statutorily prohibited action.
<i>Absolute Liability</i>	Liability arising from extremely dangerous situations or operations, under which the party responsible for those operations is liable, without exception or excuse, for virtually all resulting harm. For example, a contractor using explosives would be liable for damage caused by vibrations of the earth following an explosion.
<i>Admitted Liability</i>	Liability toward non-paying guests in an aircraft. These guests can recover damage for bodily injury without having to prove the aircraft owner or operator was at fault in causing these injuries. Liability insurance for this exposure is written with a limit per seat in the aircraft.
<i>Contingent Liability</i>	Liability for damages arising out of the act or omissions of others who are not employees or agents of the entity held liable.
<i>Joint and Several Liability</i>	A legal doctrine applying in some states that allows an injured person to sue and recover from any one or more of several wrongdoers at his option, regardless of that wrongdoer's degree of negligence. The injured party cannot receive double compensation but can choose to recover 100 percent of a damages award from any defendant who is found liable to any extent.
<i>Pro-Rata Liability</i>	Liability on the part of an insurer for not more than the proportion of loss which the amount insured bears to the amount of all insurance policies covering the loss.

### CAUTION

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## RISK MANAGEMENT

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<b><i>Strict Liability</i></b>	Liability to which manufacturers and merchandisers may be subject for defective products sold by them, regardless of fault or negligence. A successful claimant must prove only that the product was defective and therefore unreasonably dangerous when relinquished by the defendant.
<b><i>Vicarious Liability</i></b>	Liability for the acts of someone else.
<b>LIMIT</b>	Maximum amount for which an insurer may be liable for any loss, as set forth in the policy or statute.
<b><i>Aggregate Limit</i></b>	In liability insurance, maximum amount of coverage that an insurer will pay for all losses during a specific period of time, usually the contract period, no matter how many separate accidents may occur.
<b><i>Annual Aggregate Limit</i></b>	Maximum amount payable under an insurance policy for all losses occurring within a particular calendar or fiscal year.
<b><i>Basic Limit</i></b>	Under liability insurance, the minimum liability limits available.
<b><i>Combined Single Limit</i></b>	In liability insurance, overall maximum on the insurer's liability for all types of bodily injury, property damage or personal injury claims growing out of one accident, regardless of the number of persons suffering injury.
<b><i>Per Occurrence Limit</i></b>	In liability insurance, maximum amount the insurer will pay for claims growing out of a particular accident, regardless of the number of persons injured or property interests damaged.
<b>LOSS</b>	Generally refers to (1) the amount of reduction in the value of an insured's property caused by an insured peril; (2) the amount sought through an insured's claim; or (3) the amount paid on behalf of an insured under an insurance contract.
<b>LOSS CONTROL</b>	A process aimed at reducing or eliminating losses arising from accidents. Generally, loss control refers to efforts to prevent workplace accidents, property damage, fires, and environmental damage.
<b>LOSS PAYABLE CLAUSE</b>	Property insurance provision authorizing the insurer to pay any loss to the insured or to others identified in the policy as their interests in future losses may appear at the time of those losses.
<b>MOBILE EQUIPMENT</b>	Equipment such as earthmovers, tractors, diggers, farm machinery, forklifts, etc., that even though self-propelled, are not considered as automobiles.

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<b>MORTGAGEE CLAUSE</b>	Property insurance clause which authorizes the insurer to pay a loss to the mortgagee and/or the insured, as their interest may appear at the time of loss. This clause also may specify other rights and duties of the mortgagor and mortgagee regarding the insurance.
<b>MYSTERIOUS DISAPPEARANCE</b>	See “Unexplained Disappearance.”
<b>NEAR MISS</b>	An event in which an accident nearly occurs.
<b>NEGLIGENCE</b>	A tort, the failure to do something which a “reasonable person” would do under the circumstances, or doing something a “reasonable person” would not do. The elements of this tort include: (1) a legal duty to use reasonable care under the circumstance; (2) a breach of this duty; (3) a direct causal link between the breach and the plaintiff’s harm; and (4) resulting harm to the plaintiff.
<i>Comparative Negligence</i>	Doctrine in the law of negligence by which the negligence of the parties is compared in terms of percentages of fault and recovery is barred or damages reduced in proportion to the amount of the plaintiff’s negligence. Idaho has the individual rule (often referred to as the 50/50 rule) which means that a plaintiff cannot recover from a defendant found to be as negligent or less negligent than himself.
<i>Contributory Negligence</i>	Defense in a negligence action, alleging that the defendant’s negligence also contributed to the injury as a proximate cause thereof, thus barring recovery.
<b>NON-INSURANCE TRANSFER</b>	Transfer of a loss exposure to an entity which is not an insurer. Forms of non-insurance transfer are indemnity or hold-harmless agreements, being a named insured under another party’s insurance coverage, acquisition/divestiture.
<b>OCCURRENCE</b>	An accident, including continuous or repeated exposure to substantially the same general harmful conditions. General liability policies insure liability for bodily injury or property damage that is caused by an occurrence.
<b>PERSONAL INJURY</b>	Liability for personal injury from such wrongs as defamation, false arrest, invasion of privacy, and other intentional torts.
<b>PHYSICAL DAMAGE</b>	(1) A generic term indicating actual damage to property; (2) a term indicating damage from such perils as collision, comprehensive, fire and theft or any damage to the vehicle itself.

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## RISK MANAGEMENT

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<b>POLICYHOLDER</b>	Person or other entity who has ownership rights under an insurance policy and who may or may not be the insured.
<b>PRIMARY INSURANCE</b>	Insurance providing coverage from the first dollar of loss, perhaps after a deductible, as distinguished from excess coverage which pays only after the primary insurance has been exhausted or the insured has absorbed a self-insured retention. See “self-insured retention.”
<b>PROOF OF LOSS</b>	A formal statement made by the insured to the insurer regarding a claim, especially in property insurance, so that the insurer may determine its liability under the policy.
<b>PROPERTY</b>	Everything which is subject to ownership; everything that has an exchangeable value or which goes to make up wealth or estate.
<i>Chattel Property</i>	An article of personal property, as distinguished from real property. A thing personal and movable. It may refer to animate as well as inanimate property.
<i>Consumable Property</i>	Something “as food or fuel” that is consumable—able to be depleted.
<i>Damage Property</i>	Physical injury to tangible property including resulting loss of use and loss of use of tangible property that has not been physically injured.
<i>Real Property</i>	Land and generally whatever is erected or growing upon or affixed to land
<b>RENTAL VALUE</b>	Time element insurance that reimburses the owner occupant of a building for the expense of renting another location in the event the insured’s property becomes unusable as a result of damage by insured peril.
<b>RISK</b>	The chance of loss.
<b>RISK CONTROL</b>	All methods of reducing the frequency and/or severity of losses.
<b>RISK FINANCING</b>	Use of one or more of several techniques or sources of funds to pay for losses.
<b>SAFETY</b>	A broad term that refers to the elements of a loss control program that specifically address workplace hazards to health, life, and limb.
<b>SAFETY &amp; LOSS CONTROL PROGRAM</b>	Activities designed to assist employees in the recognition, understanding and control of hazards in the workplace.

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## RISK MANAGEMENT

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<b>SELF-INSURED RETENTION (SIR)</b>	Portion of a loss exposure assumed by an insured, in the form of a deductible or a self-insured reserve.
<b>SEVERABILITY</b>	A policy provision clarifying that, except with respect to the coverage limits, insurance applies to each insured as though a separate policy were issued to each. Thus, a policy containing such a clause will cover a claim made by one insured against another insured.
<b>SUBROGATION</b>	The process which enables an insurer, after it has paid a loss, to recover the amount from any person (other than the insured) who caused the loss or is otherwise legally liable for the loss.
<b><i>Waiver of Subrogation</i></b>	Voluntary relinquishment, before a loss occurs, by a subrogee (insurer) of rights which, after a loss, it may become subrogated.
<b>SURETY</b>	Corporation or individual who guarantees the performance of faithfulness of an other.
<b>THIRD-PARTY INSURANCE</b>	Generally a synonym for liability insurance. Liability insurance always involves three parties: the one harmed, the insurer, and the insured charged with causing that harm.
<b>TORT</b>	A wrongful act or omission arising in the course of social relationships, other than contract or warranty, for which the law provides a remedy in the form of an action for damages.
<b>TORT CLAIM</b>	A claim for damages in tort.
<b>TORT CLAIMS ACT</b>	See <i>Idaho Code § 6-901, et seq</i> for complete text.
<b>UNDERWRITER</b>	<ol style="list-style-type: none"><li>1. Insurer's employee who evaluates applications for insurance and determines the terms (premium rates and policy forms) under which the applicant will be insured.</li><li>2. Insurer.</li></ol>

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## RISK MANAGEMENT

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### **UNEXPLAINED DISAPPEARANCE**

A broad peril from unknown cause of loss. In comparison, a theft, burglary or robbery tends to be a loss from a known location at a known time; disappearances lack these elements. Common exclusion for property which is simply missing without explanation or missing without physical evidence of a break-in.

### **VALUE**

Worth of an item or legal interest measured by a specified valuation standard. Several property valuation standards are as follows:

#### ***Actual Cash Value***

Flexible valuation standard, most often defined as the current replacement cost of an item of property minus its accumulated depreciation.

#### ***Market Value***

Current price at which an item of real or personal property can be exchanged between a willing buyer and a willing seller.

#### ***Replacement Cost***

Price of purchasing or constructing a new item of property to replace an older, used item of property.

#### ***Reproduction Cost***

Cost of reproducing a damaged or destroyed item of real or personal property using materials and techniques identical to those used originally.

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# IX

# MISCELLANEOUS

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